

BASEL II PILLAR 3 DISCLOSURES – 30th SEPTEMBER 2009

1. Scope of application

ING Vysya Bank is the controlling entity for the group, which includes its wholly owned subsidiary ING Vysya Financial services Limited (IVFSL). IVFSL is engaged in touch point verification for liability products on behalf of the Bank. The consolidation with the subsidiary ING Vysya Financial Services Limited is as per Accounting Standard 21 (AS-21). While computing the consolidated Bank's Capital to Risk Weighted Assets Ratio (CRAR), the bank's investment in the equity capital of the wholly owned subsidiary is deducted 50% from Tier 1 capital and 50% from Tier 2 capital. The subsidiary of the bank is not required to maintain any regulatory capital. The bank has no interest in any insurance entity.

2. Capital Structure

The authorized equity share capital of the bank is Rs.350 crores consisting of 35 crores equity shares of Rs.10/- each. As of September 2009, the issued and subscribed capital stood at Rs.119.75 crores consisting of 11.97 crores of equity shares of Rs.10/- each. The paid up share capital is Rs.119.43 crores with 11.94 crores equity shares of Rs.10/- each. The equity share capital of the bank is as per the provisions of the Companies Act and any other applicable laws or regulations.

Capital Funds

	(Rs crores)
Tier I Capital	2,049.11
Tier II Capital	1,015.96
Total Capital Funds	3,065.07
Tier I Capital	
Paid-up Capital	119.43
Reserves and Surplus	1,990.77
Innovative Perpetual Debt Instruments	111.45
Total Tier I Capital (Unadjusted)	2,221.65
Deductions	
Investments in Subsidiaries	1.05
Deferred Tax Asset	157.63
Other Intangible Assets	13.86
Total Deductions	172.54
Total Tier I Capital (Adjusted)	2,049.11
Tier II Capital	
Upper Tier II Bonds	337.30
Subordinated Debt eligible for Lower II	520.00
Revaluation Reserves	48.78
General Provisions and loss Reserves	110.93
Others	0.00

Total Tier II Capital (Unadjusted)	1,017.01
Deductions	
Investments in Subsidiaries	1.05
Total Deductions :	1.05
Total Tier II Capital (Adjusted)	1,015.96

Debt capital instruments eligible for inclusion under Tier-1 and Tier-2 capital

(Rs crores)

	Tier 1	Upper Tier 2	Lower Tier 2
Total amount outstanding as at 30 Sep 2009 – INR and Foreign currency	111.85 (JPY 2.09 bln)	337.30 (JPY 6.31 bln)	600.00
Amount raised during the year – INR and Foreign currency	Nil	Nil	Nil
Amount eligible to be reckoned as capital funds - INR	111.45	337.30	520.00

Note: FCY amounts are reported in INR at the fx rate as at 30 September 2009.

3. Capital adequacy

Summary of the Bank's capital requirement as at 30 September 2009 is presented below:

	Amount (Rs crores)
A Capital requirements for Credit Risk	
Portfolios subject to standardized approach	1,645.23
Securitization exposures	0
B Capital requirements for Market Risk	
Standardized duration approach	119.25
Interest rate risk	104.70
Foreign exchange risk (including gold)	13.50
Equity risk	1.05
C Capital requirements for Operational Risk	139.96
Basic Indicator approach	
Capital Adequacy Ratio of the Bank	14.48%
Tier 1 CRAR	9.68%

4. Credit risk – General disclosures

Credit risk exposure

Gross Credit Risk Exposures as on 30-09-09	Rs. Crores
Fund based exposures	Rs.26,157.44 crores (including investments)
Non fund based exposures *	Rs.4,890.44 crores

*Non-fund based exposures are guarantees given on behalf of customers and acceptances and endorsements

The bank has exposures in the domestic segment only.

Distribution of credit risk exposure by Industry type

Industry classification	Fund based exposures (Rs. Crores)	Non-fund based exposures (Rs. Crores)	Total (Rs. Crores)
Agri and allied activities	1,357.00	0	1,357.00
Industry – Micro, Small and Medium	1,432.38	0	1,432.38
Industry - Large	3,162.53	0	3,162.53
Services	704.01	0	704.01
Trade	1,531.62	0	1,531.62
CRE	475.72	62.40	538.12
NBFC	1,072.95	0.83	1,073.78
Consumer Finance	3,715.35	0	3,715.35
Residual exposures to balance the total exposures	12,705.88	4,827.21	17,533.09
Total	26,157.44	4,890.44	31,047.88

Residual contractual maturity breakdown of assets

(Rs. in crores)

Maturity Bucket	Cash and Balances with Banks	Investments	Advances	Other Assets including Fixed Assets
1 to 14 days	1,471.74	2,590.36	2,060.65	5.15
15 to 28 days	142.46	694.62	1,358.01	3.41
29 days to 3 months	163.79	839.58	1,782.21	23.12
Over 3 months and up to 6 months	206.13	1,067.86	1,700.76	14.98
Over 6 months and up to 1 year	289.12	1,072.75	2,230.20	681.33
Over 1 year and up to 3 years	92.82	788.38	3,264.22	289.92
Over 3 years and up to 5 years	102.86	699.79	1,615.16	394.48
Over 5 years	107.93	1,088.38	2,372.77	678.70
Total	2,576.86	8,841.72	16,383.98	2,091.09

Classification of assets and liabilities under the different maturity buckets are compiled, based on the same estimates and assumptions as used by the Bank for compiling the DSB – 8 Return submitted to RBI.

Movement of NPAs and Provision for NPAs

Amount of NPAs (Gross)

	Rs. Crores
Substandard	248.74

Doubtful 1	85.32
Doubtful 2	12.69
Doubtful 3	45.61
Loss	32.70

Net NPAs: Rs. 291.12 crores

NPA Ratios:

Gross NPAs to gross advances	2.57%
Net NPAs to net advances	1.78%

Movement of NPAs (Gross)

	Rs. Crores
Opening balance as on 1-04-09	313.20
(+) Additions	216.39
(-) Reductions	104.53
Closing balance as on 30-09-09	425.06

Movement of provisions for NPAs

	Rs. Crores
Opening balance as on 1-04-09	103.81
(+) Net Provisions made during the period	81.15
(-) Write-off	56.92
Closing balance as on 30-09-09	128.04

Movement of NPIs and Provision for depreciation on investments

Amount of Non-Performing Investment: Nil

Amount of provisions held for non-performing investments: Nil

Movement of provisions for depreciation on investments

	Rs. crores
Opening balance as on 01.04.2009	5.88
(+) Net Provisions made during the period	0.00
(-) Write-off/Write-back of excess provisions	3.29
Closing balance as on 30.09.2009	2.59

5. Credit Risk: Disclosures for Portfolios subject to the Standardized Approach

Details of Gross credit exposure based on Risk Weight

Risk bucket	Amount outstanding (Rs. crores) as on 30-09-09
Below 100% risk weight	16,183.59
100% risk weight	13,100.84
More than 100% risk weight	1,761.35
Deducted	2.10

6. Securitization: Disclosure for Standardized Approach

Aggregate amount of securitization exposures retained or purchased as on 30th September 2009 :

		(Rs. crores)
S. No	Type of securitization	Amount
1.	Securities purchased	
	- Home and Home equity loans	120.00
2.	Liquidity facility	Nil
3.	Credit enhancement	Nil
4.	Other commitments	Nil

Risk weight bands of securitization exposures on the basis of book value

		(Rs. crores)
Risk weight bands		Amount
Less than 100%		120.00
100%		-
More than 100%		-
Deductions		
-Entirely from Tier I capital		-
-Credit enhancing I/Os deducted from Total Capital		-
-Credit enhancement (cash collateral)		-

Note : Does not include Bought Out Deals.

7. Market risk in trading book

Capital requirements for Market Risk

		(Rs crores)
Interest Rate (a+b)		
	a. General Market Risk	48.45
	b. Specific Risk	56.25
Equity(a+b)		
	a. General Market Risk	0.52
	b. Specific Risk	0.52
Foreign Exchange and Gold		13.50

Total Capital Charge for Market Risk		119.25
RWA for market risks		1,324.99

8. Interest rate risk in the banking book

Earnings impact perspective

(Org cur in mln)

	TOTAL	INR	EUR	USD	GBP	JPY
Net Interest Income year 1						
EaR +100 bps parallel	24.9	16.5	0.0	0.0	0.1	0.0
Net Interest Income year 2						
EaR +100 bps parallel	173.5	166.9	0.0	0.1	0.0	0.0
Net Interest Income year 3						
EaR +100 bps parallel	132.9	128.0	0.0	0.1	0.0	0.0

Economic value perspective

(INR in mln)

NPV Impact	Total	INR	EUR	USD	GBP	JPY
+ 50 bps	185.0	1.3	2.9	0.0	172.8	8.1
+100 bps	370.0	2.6	5.8	0.0	345.6	16.2