

BASEL III PILLAR III DISCLOSURES

JP Morgan Chase Bank, N.A., India

Half Year ended September 30, 2018

Basel III - Pillar III disclosures for the half year ended September 30, 2018

I. Scope of application

The Pillar III disclosures under Basel III Capital Regulation included herein are made solely to meet the requirements in India, and relate solely to the activities of JPMorgan Chase Bank, N.A., India (“the Bank”) and its two associate Non Banking Financial Companies which are J.P. Morgan Securities India Private Limited (“JPMSI”) and J.P. Morgan Advisors India Private Limited (“JPMAI”). The Bank, JPMSI and JPMAI are wholly-owned subsidiaries of JPMorgan Chase & Co., U.S.A (“the Firm”) and together constitute “the Consolidated Bank” in line with the Reserve Bank of India (“RBI”) guidelines on the preparation of consolidated prudential returns.

For the purpose of financial reporting, the Bank is not required to consolidate any of its associates in accordance with Accounting Standard (‘AS’) 21, Consolidated Financial Statements.

For the purpose of consolidated prudential regulatory reporting, the consolidated Bank includes the above mentioned two associates as required by RBI in its circular on “Financial Regulation of Systemically Important NBFC’s and Bank’s relationship with them” vide circular ref. DBOD.No.FSD.BC.46/24.01.028/2006-07 dated December 12, 2006 read with “Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision” vide circular ref. DBOD.No. BP.BC. 72 /21.04.018/2001-02 dated February 25, 2003.

The Bank does not have any subsidiaries nor does it hold any major stake in any company.

For a comprehensive discussion of risk management of the Firm, including its consolidated subsidiaries, please refer to Firm's Annual Report for the year ended December 31, 2017, which is available in the Investor Relations section of www.jpmorganchase.com.

Details of associates of the Bank along with the consolidation status for accounting and regulatory purposes are given below:

a. Accounting and regulatory consolidation

Name of the entity / Country of incorporation	Included under accounting scope of consolidation (yes / no)	Method of consolidation	Included under regulatory scope of consolidation (yes / no)	Method of consolidation	Reasons if consolidated under only one of the scopes of consolidation
J.P. Morgan Securities India Private Limited / (India)	No	NA	Yes	Line by line consolidation method adopted as per AS-21	As per the RBI circular number DBOD.No.FSD.BC.46/24.01.028/2006-07 dated December 12, 2006 the Bank is not required to publish consolidated financial statements as per AS-21
J.P. Morgan Advisors India Private Limited / (India)	No	NA	Yes	Line by line consolidation method adopted as per AS-21	As per the RBI circular number DBOD.No.FSD.BC.46/24.01.028/2006-07 dated December 12, 2006 the Bank is not required to publish consolidated financial statements as per AS-21

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

(Rs. in million)

Name of the entity/ Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) #	% of bank's holding in the total equity	Regulator treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
J.P. Morgan Services India Private Limited	The Company is registered with the Software Technology Parks of India (STPI) and is engaged in providing software services and information technology enabled services.	245	NIL	Not Applicable	51,022
J.P. Morgan India Private Limited	The principal activity of the Company is Merchant banking, Underwriting, Stock broking and investment advisory	759	NIL	Not Applicable	27,936
JPMorgan Asset Management India Private Limited	<p>The principal activity of the Company is to act as financial advisors, investment managers and investment advisors, and to render financial management, financial consultancy and advisory services.</p> <p>The Board of Directors on March 22, 2016 passed a resolution to transfer the right to manage the schemes of JPMorgan Mutual Fund to another third party investment manager registered with SEBI. The transfer was effective November 26, 2016. Consequently, the Company is no longer the investment manager of the schemes of the JPMorgan Mutual Fund and business has discontinued.</p>	2,701	NIL	Not Applicable	1,339

	<p>Further on company's request, SEBI vide its letter dated 13th June 2018, has cancelled the certificate of registration of JP Morgan Mutual Funds and has withdrawn the approval granted to JPMorgan Assets Management India Private Limited, to act as the Asset Management Company to the Mutual Fund</p>				
JPMorgan Mutual Fund India Private Limited	<p>The principal activity of the Company is to act as trustees, administrators, representatives or nominees of or for any mutual or other funds.</p> <p>The Board of Directors on March 22, 2016 passed a resolution to transfer the trusteeship of the schemes of JPMorgan Mutual Fund to another third party trustee company registered with SEBI. The transfer was effective November 26, 2016. Consequently, the Company is no longer the trustee of the schemes of the JPMorgan Mutual Fund and business has discontinued.</p> <p>Further on company's request, SEBI vide its letter dated 13th June 2018, has cancelled the certificate of registration of JPMorgan Mutual Funds and JPMorgan Mutual Fund India Private Limited can no longer carry out activity as a Trustee Company</p>	1	NIL	Not Applicable	22

Note:

1. The above numbers represents balances as at 31st March 2018.
2. # Represents Equity Share Capital

c. List of group entities considered for consolidation

(Rs. in million)

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)*	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)*
J.P. Morgan Securities India Private Limited (India)	NBFC	1,538	43,512
J.P. Morgan Advisors India Private Limited (India)	NBFC	2,050	6,026

Note: * Represents balances as at 30th September, 2018.

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted

As of September 30, 2018, the Bank does not have any subsidiaries; hence it is not required to make any deductions for capital deficiencies.

e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

As of September 30, 2018, the Bank does not have investment in any insurance entity.

f. Restrictions or impediments on transfer of funds or regulatory capital within the banking group

There are no restrictions or impediments on transfer of funds within the Group.

II. Capital Adequacy

The Firm's capital management framework is intended to ensure that there is sufficient capital to support the underlying risks of the Firm's business activities and to maintain "well-capitalized" status under US regulatory requirements. In addition, the Firm holds capital above these requirements as deemed appropriate to achieve management's regulatory and debt rating objectives. The Firm assesses its capital adequacy relative to the risks underlying the Firm's business activities, utilizing internal risk-assessment methodologies.

At local level, the Bank leverages to the extent possible the group-wide capital management framework and risk assessment methodologies. These considerations are formalized as part of a local Internal Capital Adequacy Assessment Process (ICAAP), as required by local regulation.

The Capital Management process at bank level is coordinated by the Finance organization with inputs from appropriate local and firm wide risk specialists, and is reviewed by the Bank Management Committee. It is the responsibility of local management to determine the appropriate level of capitalization for the Bank and to ensure the businesses are managed within those capital limits or to request for additional capital in accordance with the Firm's Major Capital Infusion policy. In the normal course of events, management reviews the adequacy of capital fortnightly or with increased frequency if circumstances demand.

A summary of the Consolidated Bank capital requirement under Basel III guidelines for credit risk, market risk and operational risk and the capital adequacy ratio as on September 30, 2018 is presented below.

Capital requirements for credit risk (Rs. in million)

Particulars	Amount¹
- Portfolios subject to standardized approach	61,101
- Securitization exposure	-
Total	61,101

Capital requirements for market risk

Standardized duration method	Amount¹
- Interest rate risk	16,280
- Foreign exchange risk (including gold)	1,025
- Equity risk	420
Total	17,725

Capital requirements for operational risk

Particulars	Amount¹
- Basic indicator approach	5,210

Particulars	Standalone²	Consolidated¹
CRAR	15.02%	17.38%
Tier I CRAR	14.71%	16.60%
Tier II CRAR	0.31%	0.78%

Notes :-

1. Includes all entities considered under regulatory scope of consolidation.
2. Standalone represents JPMorgan Chase Bank, N.A., India.

III. Credit Risk*Credit Risk Management Policy*

Credit risk is the risk of loss arising from the default of a customer, client or counterparty. The Firm provides credit to a variety of customers, ranging from large corporate and institutional clients to the individual consumers and small businesses¹. The Firm manages the risk/reward relationship of each credit and discourages the retention of assets that do not generate a positive return above the cost of risk-adjusted capital.

The Directors' Risk Policy Committee (DRPC) and the Firm's CEO mandate the existence of an Independent Risk Management (IRM) function. The CEO appoints Firm's Chief Risk Officer (CRO) to create the Risk Management Framework subject to approval by the DRPC in the form of Primary Risk Policies, and to manage the IRM function on a day to day basis.

Credit Risk management is an independent risk management function that monitors and measures credit risk throughout the Firm and defines credit risk policies and procedures. The credit risk function reports to the Firm's CRO. The Firm's credit risk management governance consists of the following primary functions:

- o Establishing a comprehensive credit risk policy framework.
- o Monitoring and managing credit risk across all portfolio segments, including transaction and exposure approval.

- Setting industry concentration limits and establishing underwriting guidelines
- Assigning and managing credit authorities in connection with the approval of all credit exposure.
- Managing criticized exposures and delinquent loans.
- Establishing credit losses and ensuring appropriate credit risk-based capital management.

Risk identification

The Firm is exposed to credit risk through its underwriting, lending, market-making and hedging activities with and for clients and counterparties, as well as through its operating services activities (such as cash management and clearing activities), securities financing activities, investment securities portfolio and cash placed with banks. Credit risk management works in partnership with the business segments in identifying and aggregating exposures across all lines of business.

Risk measurement

To measure credit risk, the Firm employs several methodologies for estimating the likelihood of obligor or counterparty default. Credit risk measurement is based upon the amount of exposure should the obligor or the counterparty default, the probability of default and the loss severity given a default event. These finally result in a facility grade for each facility sanctioned by the Firm to a customer. Based on these factors and related market-based inputs, the Firm estimates credit losses for its exposures. Probable credit losses inherent in the consumer and wholesale held for investment loan portfolios are reflected in the allowance for loan losses, and probable credit losses inherent in lending-related commitments are reflected in the allowance for lending related commitments. These losses are estimated using statistical analysis and other factors. In addition, potential and unexpected credit losses are reflected in the allocation of credit risk capital and represent the potential volatility of actual losses relative to the established allowances for loan losses and lending related commitments. Risk measurement for the wholesale portfolio is assessed primarily on a risk rated basis.

Credit loss estimates are based on estimates of the probability of default (“PD”) and loss severity given a default. The estimation process includes assigning risk-ratings to each borrower and credit facility to differentiate risk within the portfolio. These risk-ratings are reviewed regularly by Credit Risk Management and revised as needed to reflect the borrower’s current financial position, risk profile and related collateral. The probability of default is estimated for each borrower, and a loss given default is estimated considering the collateral and structural support for each credit facility. The calculations and assumptions are based on historic experience and management judgment and are reviewed regularly.

Risk monitoring

The Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process of extending credit to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The Firm’s policy framework establishes credit approval authorities, concentration limits, risk-taking methodologies, portfolio review parameters and guidelines for management of distressed exposures. Wholesale credit risk is monitored regularly at an aggregate portfolio, industry and an individual client and counterparty level. In order to meet credit risk management objectives, the Firm seeks to maintain a risk profile that is diverse in terms of borrower, product type, industry and geographic concentration. Management of the Firm's wholesale exposure is accomplished through loan underwriting and credit approval process, loan syndication and participations, loan sales and securitisations, credit derivatives, use of master netting agreements and collateral and other risk-reduction techniques.

At a local level, the consolidated bank monitors large exposures in accordance with RBI regulations on single / group obligor limits. This ensures that large single obligor / group exposures are managed within appropriate limits set in relation to our capital resources. For the Bank, the large exposure limit for single borrowers is 15% of the capital funds and 40% in case of borrower group. In exceptional circumstances, with the approval of the Management Committee the single and group borrower limit may be enhanced up to a further 5% of capital funds. The exposure for each client is monitored on a

daily basis by the local operations team. Any breaches in the limits are highlighted to senior management immediately along with the reasons for the breach. Management then takes a decision on the future course of action on exposures to that particular client. These breaches, if any are also reported to RBI. The exposure monitoring is reviewed by the external concurrent auditors on a monthly basis. In addition, industry concentrations and risk mitigation through collateral are also addressed in the local credit policies for all credit exposures. The local policy for the Bank also specifically addresses exposure to sectors like Real Estate, and NBFC's, and policies governing purchase of distressed debt. Further, in line with RBI regulation on Exposure to Intra group entities, (ITEs), the bank has implemented daily exposure monitoring process for single entity and intra group entity exposure.

Risk reporting

At a firm level, to enable monitoring of credit risk and effective decision making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to senior members of credit risk management. Detailed portfolio reporting of industry, customer, product and geographic concentrations occurs monthly, and the appropriateness of the allowance for credit losses is reviewed by senior management at least on a quarterly basis. Through the risk reporting and governance structure, credit risk trends and limit exceptions are provided regularly to and discussed with Senior Management and the Board of Directors as appropriate.

At a local level, the Credit Risk function is overseen by the India CRO of the Bank. The CRO works closely with the regional as well as global Credit Risk Management (CRM) teams to ensure that the credit exposure taken at the Bank is in line with the Bank's risk management policy framework. There is a comprehensive credit authority framework in place which enables decision making to be escalated in response to the size and risk intensity of the request. There is adequate credit authority delegated to the CRO for smooth functioning of the overall portfolio and business needs.

The India Credit Committee (ICC) approves the credit exposure that is to be booked in the Bank in accordance with the loan policy.

The ICC meets on a periodic basis and accords its decision on credit requests from the various business units at the Bank. Similarly for JPMSI the Credit and Investment Committee and for JPMAI, the Board of Directors, respectively review and approve proposals to book any credit exposures in these entities. On a monthly basis, the India Risk Committee (IRC) reviews the Bank's portfolio and break-down of the portfolio by sector, security, products, rating etc and updates on the sensitive sectors, unhedged foreign currency exposure etc are reviewed on a quarterly basis by the IRC. JPMSI and JPMAI Risk Management Committee (RMC) reviews the loan portfolio on a quarterly basis.

Definition of past due and impaired

Any amount due to the consolidated bank under any credit facility is 'overdue' if it is not paid on the due date fixed (i.e. is not paid as per the date the obligor is obligated to pay). In case of the Bank an NPA shall be a loan or an advance or a derivative contract where any amount to be received (as per the contractual terms) remains overdue for a period of more than 90 days or in respect of an Overdraft/Cash Credit the account remains 'out of order' for a period of more than 90 days, in line with RBI directives. Likewise, in case of JPMSI and JPMAI, an NPA shall be a loan or an advance where any amount to be received (as per the contractual terms) remains overdue for a period of 3 months or more.

Quantitative Disclosure	(Rs. in million)
Gross credit exposures	Amount¹
Fund based	396,310
Non fund based	407,328
Total	803,638

(Rs. in million)

Geographic distribution of exposures	Amount¹
Fund based - domestic	396,310
Non fund based - domestic	407,328
Fund based - overseas	-
Non fund based - overseas	-
Total	803,638

Note :-

1. Includes all entities considered under regulatory scope of consolidation and excludes investments covered under specific market risk and other assets.

Industry type disclosure of exposures¹

(Rs. in million)

Industry	Fund Based	Non Fund Based	Total Exposure
Services	186,774	358,128	544,902
NBFC	27,262	10,289	37,551
Chemical Dyes Paints - Drugs and Pharma	33,350	372	33,722
All Engineering - Others	19,211	4,055	23,266
Infrastructure - Telecommunication	19,252	1,205	20,457
Vehicles, Vehicle Parts and Transport Equipments	19,060	841	19,901
Computer Software	14,110	5,462	19,572
Chemical Dyes Paints - Others	5,780	9,059	14,839
Petroleum, Coal Products and Nuclear Fuels - Petroleum	7,187	6,253	13,440
Trading	11,196	918	12,114
Cement and Cement Products - Cement	8,780	3,325	12,105
Infrastructure - Social and Commercial	12,000	-	12,000
Other Industries	6,145	525	6,670
Beverages - Others	4,925	296	5,221
Basic Metal and Metal Products - Iron and Steel	3,980	147	4,127
Commercial Real Estate	3,747	176	3,923
Infrastructure - Airport	2,964	956	3,920
Food Processing - Others	1,630	1,210	2,840
All Engineering - Electronic	450	2,271	2,721
Infrastructure- Energy Electricity Generation	2,104	-	2,104
Transport - Ports	1,812	123	1,935
Textiles	1,812	39	1,851
Infrastructure - Water Sanitation	320	1,320	1,640
Food Processing - Vegetable Oils and Vanaspati	1,600	-	1,600
Rubber, Plastic & Products	94	358	452
Paper and Paper Products	440	-	440
Glass & Glassware	325	-	325
Total	396,310	407,328	803,638

Note :-

1. Includes all entities considered under regulatory scope of consolidation and excludes investments covered under specific market risk and other assets.

Residual contractual maturity breakdown of assets¹

(Rs in Million)

Maturity Bucket	Cash and Balances with RBI	Balances with Banks ²	Investment	Advances	Fixed Asset	Other Assets	Grand Total
1 day	7,147	43,147	102,131	3,117	-	75,226	230,768
2-7 days	759	-	3,320	15,128	-	13,375	32,582
8-14 days	399	-	1,745	4,456	-	10	6,610
15 - 30 days	291	-	2,765	5,768	-	258	9,082
31 Days to 2 months	97	-	4,869	5,531	-	138	10,635
>2 months to 3 months	20	-	5,022	8,133	-	248	13,423
>3 months to 6 months	283	-	4,223	35,187	-	3,738	43,431
>6 months to 1 year	18	7,249	81	8,166	-	3,021	18,535
>1 year to 3 years	1,530	16,309	11,028	38,251	-	2,538	69,656
>3 years to 5 years	1,438	18,121	6,290	2,316	-	719	28,884
>5 years	4	-	1,120	603	103	2,685	4,515
Total	11,986	84,826	142,594	126,656	103	101,956	468,121

Note:

1. Includes all entities considered under regulatory scope of consolidation
2. Including Money at call and short notice.

(Rs. In million)

Amount of NPAs (Gross)	Amount¹
Substandard	-
Doubtful 1	-
Doubtful 2	-
Doubtful 3	-
Loss	-
Gross NPAs	-
Net NPAs	-
NPA Ratios	-
Gross NPAs to gross advances	0.00%
Net NPAs to net advances	-
Movement of NPAs (Gross)	
Opening balance ²	-
Additions	-
Reductions	-
Closing balance	-
Movement of provisions for NPAs	
Opening balance ²	-
Provision made during the year	-
Write-off/ Write- back of excess provisions	-
Closing balance	-
Amount of non-performing investments	-
Amount of provisions held for non-performing investments	-
Movement of provisions for depreciation on investments	
Opening balance ²	356
Provisions made during the year	1,420
Write-off	-
Write-back of excess provisions	-
Closing balance	1,776

Note :-

1. Includes all entities considered under regulatory scope of consolidation.
2. Represents balance as of 1st April 2018.

Movement of Specific & General Provisions¹

(Rs. in million)

Movement of Provisions	Specific Provisions	General Provisions
Opening balance ²	-	1,599
Provisions made during the year	-	185
Write-off	-	-
Write-back of excess provisions	-	-
Adjustments/Transfers between provisions	-	-
Closing balance	-	1,784

Note: -

1. Includes all entities considered under regulatory scope of consolidation.
2. Represents balance as of 1st April 2018.

(Rs. in million)

Write offs that have been booked directly to the income statement ¹	-
Recoveries that have been booked directly to the income statement	-

Note :- 1. Includes all entities considered under regulatory scope of consolidation.

Major Industry's breakup of NPA, Specific & general provisions & write offs during the period¹:

Industry	Gross NPAs	Specific Provision	General Provision ²	Specific provision	Write off
Services	-	-	727	-	-
Infrastructure - Telecommunication	-	-	261	-	-
Chemical Dyes Paints - Drugs and Pharma	-	-	168	-	-
Infrastructure - Social and Commercial	-	-	154	-	-
NBFC	-	-	118	-	-
Computer Software	-	-	55	-	-
All Engineering - Others	-	-	49	-	-
Vehicles, Vehicle Parts and Transport Equipment's	-	-	47	-	-
Trading	-	-	28	-	-
Textiles	-	-	25	-	-
Commercial Real Estate	-	-	24	-	-
Beverages - Others	-	-	23	-	-
Chemical Dyes Paints - Others	-	-	21	-	-
Petroleum, Coal Products and Nuclear Fuels - Petroleum	-	-	19	-	-
Cement and Cement Products - Cement	-	-	12	-	-
Basic Metal and Metal Products - Iron and Steel	-	-	11	-	-
Other Industries	-	-	11	-	-
Food Processing - Others	-	-	9	-	-
Mining and Quarrying - Mining	-	-	9	-	-
Infrastructure- Energy Electricity Generation	-	-	8	-	-
All Engineering - Electronic	-	-	3	-	-
Basic Metal and Metal Products - Other Metal and Metal Prod	-	-	1	-	-
Infrastructure- Water and Sanitation	-	-	1	-	-
Total	-	-	1,784	-	-

Note:

1. Includes all entities considered under regulatory scope of consolidation.
2. General provision includes standard asset provision on loans and derivatives including provision on unhedged foreign currency exposure.

IV. Credit Risk: Standardised approach

The consolidated bank is using issue ratings which are assigned by the accredited rating agencies viz. CRISIL, ICRA, Fitch and CARE and published in the public domain to assign risk-weights in terms of RBI guidelines for certain exposures. In respect of claims on non-resident corporate/ foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch are used. For all exposures, where multiple ratings are available, the second worst rating has been considered and corresponding risk weight is applied.

Details of Credit Risk Exposure (fund based and non-fund based) based on Risk - Weight:

(Rs. in million)

Particulars	Amount ¹
Below 100% risk weight	434,182
100% risk weight	83,461
More than 100% risk weight	74,837
Deducted	-
Total	592,480

Note:-1. Includes all entities considered under regulatory scope of consolidation.

V. Credit Risk Mitigation

The Bank has in place a Credit Risk Mitigation policy (as a part of the Loan policy), which underlines the eligibility requirements for credit risk mitigants for capital computation as per Basel III guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral.

To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and remarking / revaluation frequency of the collateral.

During half year ended September 30 2018, the Bank has accepted fixed deposits / Standby Letters of Credit (SBLC)/ Guarantees / Bonds as collateral and has considered them for capital benefits in capital adequacy calculations as per the RBI guidelines. These are considered at net realisable value. The Bank has also accepted current assets / movables fixed assets as collateral during the current year but the same is not considered for capital benefits as per the RBI guidelines. The Bank does not perceive any market, liquidity or concentration risk arising out of such collaterals.

Details of Credit Exposure

(Rs. in million)

Covered by:	Amount ¹
- Eligible Financial collaterals after application of haircuts	72,906
- Guarantees	11,049
Total	83,955

Note:-

1. Includes all entities considered under regulatory scope of consolidation.

VI. Securitisation

The Firm has a framework for identification and treatment of traditional and synthetic securitisations; which may reside on balance sheet in the form of a financing, or off balance sheet in the form of a special purpose vehicle (SPV). Consistent with treatment of the underlying assets, the Firm would apply the advanced approaches for non-trading book related securitisations for its corporate reporting and the standardised approach for its local capital reporting.

Locally, the credit policy of the bank, which has been approved by the Management Committee permits securitisation of existing loan portfolio. As per the policy, the bank can sell its existing loans for freeing capital and overall portfolio management, in accordance with the RBI guidelines on Securitisation of Standard Assets.

As on 30th September, 2018 there were no securitized papers in the books of the Consolidated Bank. The Consolidated Bank does participate in securitization of portfolios by NBFCs on a selective basis. All decisions to participate in a securitization undergo the same level of credit and other risk due diligence as any other similar exposure would be subject to.

Details of securitisation exposures in the Banking and Trading Book:

Banking Book	Nil
Trading Book	Nil

Securitisation exposures retained/purchased		(Rs. in million)
Nature	Exposure Type	Exposure
On Balance Sheet		-
Off Balance Sheet		-

Risk weight bands breakup of securitisation exposures retained or purchased and the related capital charge

Risk Bands	Exposure ¹	Capital Charge ¹	RWA ¹
<100% risk weight	-	-	-
=100% risk weight	-	-	-
>100% risk weight	-	-	-
Total	-	-	-

Note :-

1. Includes all entities considered under regulatory scope of consolidation.

VII. Market risk

Market risk management

Market risk is the exposure to an adverse change in the market value of financial instruments caused by a change in market parameters. The Bank's Management Committee has delegated the responsibility of governing the market risk management structure to the India Risk Committee ("IRC"). The Bank's CRO is responsible for the local risk agenda and governance, including establishing effective market risk governance. Market risk limits are employed as the primary second line of defence control tool to align the bank's market risk activities with the risk appetite as referenced in the firm wide Market Risk Management policy.

All Market Risk Management activities are closely supervised with regular reporting to the appropriate senior management of the Bank. The IRC is provided a profile of the Bank's market risk on a daily and monthly basis, including the utilization of market risk limits and significant trends. Information provided includes, but is not limited to, reports that allow senior management to:

- Evaluate market risk related activities as measured by VaR and non-statistical measures over the preceding year against market risk limits
- Understand the effectiveness of VaR assumptions through observation of back-testing results
- Understand the Bank's stress testing results for market risk activities

(Rs. in million)

Quantitative Disclosure	Amount ¹
Capital requirements for	
Interest rate risk	16,280
Equity position risk	420
Foreign exchange risk	1,025
Total	17,725

Note :-

1. Includes all entities considered under regulatory scope of consolidation.

VIII. Operational risk

Operational Risk

Operational risk is the risk associated with inadequate or failed internal processes, people and systems, or from external events. Operational risk includes cybersecurity risk, business and technology resiliency risk, payment fraud risk, and third-party outsourcing risk. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, inappropriate employee behavior, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. These events could result in financial losses, litigation and regulatory fines, as well as other damages to the Firm. The goal is to keep operational risk at appropriate levels in light of the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

To monitor and control operational risk, the Firm has an Operational Risk Management Framework ("ORMF") which is designed to enable the Firm to maintain a sound and well-controlled operational environment. The ORMF has four main components: Governance, Risk Identification and Assessment, Measurement, and Monitoring and Reporting.

Governance

The lines of business and corporate functions are responsible for owning and managing their operational risks. The Firmwide Oversight and Control Group, which consists of control officers within each line of business and corporate function, is responsible for the day-to-day execution of the ORMF. Line of business and corporate function control committees oversee the operational risk and control environments of their respective businesses and functions. These committees escalate operational risk issues to the Firmwide Control Committee (“FCC”), as appropriate. The Firmwide Risk Executive for Operational Risk Governance (“ORG”), a direct report to the Chief Risk Officer (“CRO”), is responsible for defining the ORMF and establishing minimum standards for its execution. Operational Risk Officers report to both the line of business CROs and to the Firmwide Risk Executive for ORG, and are independent of the respective businesses or corporate functions they oversee. The Firm’s Operational Risk Governance Policy is approved by the Directors’ Risk Policy Committee (“DRPC”). This policy establishes the Operational Risk Management Framework for the Firm.

Risk assessment

The Firm utilizes several tools to identify, assess, mitigate and manage its operational risk. One such tool is the Risk and Control Self-Assessment (“RCSA”) program which is executed by LOBs and corporate functions in accordance with the minimum standards established by ORG. As part of the RCSA program, lines of business and corporate functions identify key operational risks inherent in their activities, evaluate the effectiveness of relevant controls in place to mitigate identified risks, and define actions to reduce residual risk. Action plans are developed for identified control issues and businesses and corporate functions are held accountable for tracking and resolving issues in a timely manner. Operational Risk Officers independently challenge the execution of the RCSA program and evaluate the appropriateness of the residual risk results. In addition to the RCSA program, the Firm tracks and monitors events that have led to or could lead to actual operational risk losses, including litigation-related events. Responsible businesses and corporate functions analyze their losses to evaluate the effectiveness of their control environment to assess where controls have failed, and to determine where targeted remediation efforts may be required. ORG provides oversight of these activities and may also perform independent assessments of significant operational risk events and areas of concentrated or emerging risk.

Monitoring and reporting

ORG has established standards for consistent operational risk monitoring and reporting. The standards also reinforce escalation protocols to senior management and to the Board of Directors. Operational risk reports are produced on a firmwide basis as well as by line of business and corporate function.

Measurement

As required by the Reserve Bank of India, the Bank (India Branch) follows the Basic Indicator Approach to compute capital requirements for operational risk. The Bank conducts operational risk assessments in the annual Internal Capital Adequacy Assessment Process (ICAAP) to evaluate whether the operational risk capital is sufficient. These calculations are reviewed and approved by the IRC on an annual basis

Cybersecurity risk

Cybersecurity risk is an important, continuous and evolving focus for the Firm. The Firm devotes significant resources to protecting and continuing to improve the security of the Firm’s computer systems, software, networks and other technology assets. The Firm’s security efforts are intended to protect against, among other things, cybersecurity attacks by unauthorized parties to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage. The Firm continues to make significant investments in enhancing its cyber defense

capabilities and to strengthen its partnerships with the appropriate government and law enforcement agencies and other businesses in order to understand the full spectrum of cybersecurity risks in the operating environment, enhance defenses and improve resiliency against cybersecurity threats. The Firm actively participates in discussions of cybersecurity risks with law enforcement, government officials, peer and industry groups, and has significantly increased efforts to educate employees and certain clients on the topic. Third parties with which the Firm does business or that facilitate the Firm's business activities (e.g., vendors, exchanges, clearing houses, central depositories, and financial intermediaries) could also be sources of cybersecurity risk to the Firm. Third party cybersecurity incidents such as system breakdowns or failures, misconduct by the employees of such parties, or cyberattacks could affect their ability to deliver a product or service to the Firm or result in lost or compromised information of the Firm or its clients. Clients can also be sources of cybersecurity risk to the Firm, particularly when their activities and systems are beyond the Firm's own security and control systems. As a result, the Firm engages in regular and ongoing discussions with certain vendors and clients regarding cybersecurity risks and opportunities to improve security. However, where cybersecurity incidents are due to client failure to maintain the security of their own systems and processes, clients will generally be responsible for losses incurred. To protect the confidentiality, integrity and availability of the Firm's infrastructure, resources and information, the Firm leverages the ORMF to ensure risks are identified and managed within defined corporate tolerances. The Firm's Board of Directors and the Audit Committee are regularly briefed on the Firm's cybersecurity policies and practices and ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events.

Business and technology resiliency risk

Business disruptions can occur due to forces beyond the Firm's control such as severe weather, power or telecommunications loss, flooding, transit strikes, terrorist threats or infectious disease. The safety of the Firm's employees and customers is of the highest priority. The Firm's global resiliency program is intended to enable the Firm to recover its critical business functions and supporting assets (i.e., staff, technology and facilities) in the event of a business interruption. The program includes corporate governance, awareness and training, as well as strategic and tactical initiatives to identify, assess, and manage business interruption and public safety risks. The strength and proficiency of the Firm's global resiliency program has played an integral role in maintaining the Firm's business operations during and after various events.

The Management Committee ("ManCo"), India Risk Committee ("IRC") and Location Operating Committee ("LOC") are comprised of members of senior management team and support the management of the Consolidated Bank in discharging their responsibilities effectively. The Committee members represent the various lines of business conducted in the Consolidated Bank and the relevant functional units supporting the business.

The 'ManCo' review business, operational and financial matters, as well as risk management.

The 'IRC' is responsible for the overall risk management of the Consolidated Bank. The committee meets on a regular basis to discuss risk related topics including operational risk metrics and thematic issues. The issues discussed, in the IRC are subsequently presented to the ManCo based on significance.

The India Location Operating Committee (LOC) is chaired by the CFO of the Consolidated Bank and is responsible for the oversight and control of operational risk within the location. LOC meetings are held monthly and include a review of various aspects of operational risk, relevant changes in regulatory framework and general ledger controls. Volume trends and capacity issues are closely monitored and discussed at the meeting. Key issues pertaining to regulatory, processing and technology control, AML, compliance and on-going governance of outsourced activities are discussed in the LOC meeting

The Consolidated Bank closely monitors capacity limit for handling transaction in each operations area. The respective unit's Operation Managers are responsible for escalating to their line regional managers and CFO if there is any capacity constraint.

Material changes in the Operational Risk profile are assessed through a due diligence review and/or are subject to the New Business Initiative Approval process. Staff knowledge of internal policies, systems and procedures, and the regulations is maintained through regular training. Business Continuity Plans are documented to reflect the current production environment and tested annually.

Any operational Loss events are recorded in the Firmwide Operational Risk and Control Environment ("FORCE") database. . Event summaries are reported to the LOC for review on a regular basis and material events are presented to ManCo and IRC.

IX. Interest rate risk in the bank

Interest Rate Risk in the Banking book ("IRRBB") is defined as interest rate risk resulting from the firm's traditional banking activities (accrual accounted on and off balance sheet positions) which includes extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as 'non-trading' activities); and also the impact from Treasury/CIO ("TCIO") investment portfolio and other related activities. IRR from non-trading activities can occur due to a variety of factors, including but not limited to:

- Difference in the timing of re-pricing of assets, liabilities and off-balance sheet instruments
- Differences in the balances of assets, liabilities and off-balance sheet instruments that re-price at the same time
- Differences in the amounts by which short-term and long-term market interest rates change
- Impact of changes in the duration of various assets, liabilities or off-balance sheet instruments as interest rates change

Governance for Firmwide IRR is defined in the IRR Management policy which is approved by DRPC. The CIO, Treasury and Other Corporate Risk Committee (CTC RC) is the governing committee with respect to IRRBB.

- Reviews the IRR Management policy;
- Reviews the IRR profile of the Firm and compliance with IRR limits;
- Provides Governance on legal entity related exposures; and
- Reviews significant models and/or assumptions including the changes related to IRR management

At a legal entity level, India Risk Committee ("IRC") responsibility with respect to IRRBB is to provide local oversight and ensure appropriate governance; control and limits are in place for the banking book activities of the Bank. IRC in consultation with APAC IRRM and Legal Entity Market Risk Manager will review the size and scope of the Bank's business operations and balance sheet profile, evaluate appropriate banking book interest rate risk metrics, and establish associated limits as deemed necessary. Currently, the Bank has set a limit on Earning-at-Risk ("EaR") and Market Value of Equity ("MVE").

Earnings-at-risk (EaR) and impact on Market Value of Equity (MVE) are the measures used to monitor the Interest Rate Risk in the Banking book. EaR is the sensitivity of pre-tax income to changes in interest rates over a rolling 12 months compared to a base scenario and the impact on MVE is the change in economic value of the banking book assets & liabilities due to changes in interest rates.

Interest rate risk in the banking book could arise from lending and deposit taking activities in the Bank, as well as from interbank money market takings and placings, investment securities (HTM), if any and repo positions managed by TCIO and for the purposes of managing the funding and/or structural interest rate risk positions of Bank. Banking book interest rate risk is transferred from the operating

businesses to TCIO. Currently, there is minimal option risk in the Bank does not offer mortgage loans that have embedded optionality due to prepayment option.

Based on the Interest Rate Risk in the Banking Book exposure as of September 30 2018, the stress loss under an inversion in the yield curve (One year rates up 250bps and ten year rates down 100 bps) was Rs.670 million (USD 9.25mm) which equates to 0.74% of the capital base.

X. Liquidity Risk

The Firmwide Liquidity Risk Oversight Policy, Local Policy and the Firmwide Liquidity Risk Limits & Indicators Policy are in place.

The Bank's internal stress coverage ratio and regulatory required Liquidity Coverage Ratio (LCR) is healthy. The Firmwide Liquidity Risk Oversight Policy is well-defined with clear roles and responsibilities. There are regular and frequent communication flows between local Treasurers, Liquidity Management and Liquidity Risk Oversight.

Firmwide Liquidity Risk Oversight Policy is in place and is subject to annual review to ensure any changes in governance, framework and/or in business practices are properly reflected in the policy. As part of the contingency funding planning process, continuous assessment of a range of funding stress scenarios are done to ensure liquidity sources available to the Bank are sufficient to take care of its cash flow requirements. These stress tests are reviewed by ALCO and IRC on a regular basis and provide a gauge of potential liquidity risks under the assumption of restricted access to liquidity. The details of Contingency Funding Plan (CFP) are periodically reviewed by the local Treasury/CIO and local ALCO and APAC Treasurer.

XI. General Disclosures for Exposures Related to Counterparty Credit Risk

Counterparty Credit Risk (CCR) Limits for the banking counterparties are assessed based on an internal methodology. In all cases, CCR limit is approved based on credit assessment process followed by the Bank as per the Credit Policy and Credit Guidelines Document. CCR limits are set on the amount and tenor while fixing the limits to respective counterparties with distinct limits for each type of exposure. Capital for CCR exposure is assessed based on Standardised Approach.

The Bank uses Credit Support Agreement (CSA) as a credit risk mitigant while dealing with select counterparties. CSA defines the terms or rules under which collateral is posted or transferred between derivative counterparties to mitigate the credit risk arising from "in the money" derivative positions on OTC Derivative contracts.

The derivative exposure is calculated using Current Exposure Method (CEM) and the balance outstanding as on September 30, 2018 is given below.

(Rs. in million)

Particulars	Amount ¹	
	Nationals	Current Exposure
Forward Contracts	2,862,392	159,878
Currency Options	496,092	11,028
Interest Rate Swaps	5,593,320	118,095
Currency Swaps	490,178	74,224
Forward Rate Agreements	34,991	1,374
Total	9,476,973	364,599

Notes :-

1. Includes all entities considered under regulatory scope of consolidation.

XII. Composition of Capital

			(Rs. in million)
			Ref No.
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	49,981	a1+a2+b2
2	Retained earnings	34,960	c1+d1
3	Accumulated other comprehensive income (and other reserves)	19,791	b4+c3
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)</i>	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	104,732	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	1,414	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	-	
10	Deferred tax assets	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20	Mortgage servicing rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which : significant investments in the common stock of financial entities	-	
24	of which : mortgage servicing rights	-	
25	of which : deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	

26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	-		
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	of which : Unamortised pension funds expenditures	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	Total regulatory adjustments to Common equity Tier 1	1,414		
29	Common Equity Tier 1 capital (CET1)	103,318		
Additional Tier 1 capital : instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which : instruments issued by subsidiaries subject to phase out	-		
36	Additional Tier 1 capital before regulatory adjustments	-		
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	Total regulatory adjustments to Additional Tier 1 capital	-		
44	Additional Tier 1 capital (AT1)	-		
45	Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44)	103,318		
Tier 2 capital : instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	2,955		a3+b3

47	Directly issued capital instruments subject to phase out from Tier 2	-		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	of which : instruments issued by subsidiaries subject to phase out	-		
50	Provisions & Reserves	1,935		c2+c4
51	Tier 2 capital before regulatory adjustments	4,890		
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-		
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
57	Total regulatory adjustments to Tier 2 capital	-		
58	Tier 2 capital (T2)	4,890		
59	Total capital (TC = T1 + T2) (45 + 58)	108,208		
60	Total risk weighted assets (60a + 60b + 60c)	622,494		
60a	of which : total credit risk weighted assets	452,597		
60b	of which : total market risk weighted assets	131,301		
60c	of which : total operational risk weighted assets	38,596		
Capital ratios and Buffers				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	16.60%		
62	Tier 1 (as a percentage of risk weighted assets)	16.60%		
63	Total capital (as a percentage of risk weighted assets)	17.38%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets) and G SIB buffer requirement	10.00%		
65	of which : capital conservation buffer requirement	1.875%		
66	of which : bank specific countercyclical buffer requirement	-		
67	of which : G-SIB buffer requirement	2.625%		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
National minima (if different from Basel III)				

69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum) Includes Capital Conservation Buffer and G SIB buffer requirement	13.50%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	Nil	
73	Significant investments in the common stock of financial entities	Nil	
74	Mortgage servicing rights (net of related tax liability)	Nil	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	Nil	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,935	c2+c4
77	Cap on inclusion of provisions in Tier 2 under standardised approach	5,657	60a*1.25%
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	Nil	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	Nil	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	Nil	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Nil	
82	Current cap on AT1 instruments subject to phase out arrangements	Nil	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	Nil	
84	Current cap on T2 instruments subject to phase out arrangements	Nil	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	Nil	

Notes to the template		
		(Rs. in million)
Row No. of the template	Particular	Amount
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which : Increase in Common Equity Tier 1 capital	-
	of which : Increase in Additional Tier 1 capital	-
	of which : Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which : Excess Additional Tier 1 capital which is considered as	-
	Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	1,935
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	1,935
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

XIII. Composition of Capital- Reconciliation Requirements

(Rs. in million)			
Step 1		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on 30-September-2018	As on 30-September-2018
A	Capital & Liabilities		
i.	Paid-up Capital	44,053	48,417
	Reserves & Surplus	57,316	70,758
	Minority Interest	-	-
	Total Capital	101,369	119,175
ii.	Deposits	239,587	233,512
	<i>of which</i> : Deposits from banks	39,098	39,098
	<i>of which</i> : Customer deposits	200,489	194,414
	<i>of which</i> : Other deposits (pl. specify)	-	-
iii.	Borrowings	37,876	67,876
	<i>of which</i> : From RBI	-	-
	<i>of which</i> : From banks	37,376	37,376
	<i>of which</i> : From other institutions & agencies & Corporates	500	30,500
iv.	Other liabilities & provisions	189,572	191,271
	Total	568,404	611,834
B			
i.	Cash and balances with Reserve Bank of India	30,220	30,220
	Balance with banks and money at call and short notice	149,350	154,198
ii.	Investments :	112,675	136,016
	<i>of which</i> : Government securities	111,571	111,571
	<i>of which</i> : Other approved securities	-	-
	<i>of which</i> : Shares	1,104	1,104
	<i>of which</i> : Debentures & Bonds	-	12,458
	<i>of which</i> : Subsidiaries / Joint Ventures / Associates	-	-
	<i>of which</i> : Others (Commercial Papers, Mutual Funds etc.)	-	10,883
iii.	Loans and advances	112,881	126,655
	<i>of which</i> : Loans and advances to banks	11,741	11,741
	<i>of which</i> : Loans and advances to customers	101,140	114,914
iv.	Fixed assets		

		103	103
v.	Other assets	163,175	164,642
	of which : Goodwill and intangible assets	-	-
	of which : Deferred tax assets	91	114
vi.	Goodwill on consolidation	-	-
vii.	Debit balance in Profit & Loss account	-	-
	Total Assets	568,404	611,834

(Rs. in million)				
Step 2		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
		As on 30-September-2018	As on 30-September-2018	
A	Capital & Liabilities			
i.	Paid-up Capital	44,053	48,417	
	of which:			
	Funds from HO	44,053	44,053	a1
	Equity Share Capital	-	3,588	a2
	Preference Share capital	-	776	a3
	Reserves & Surplus	57,316	70,758	
	of which :			
	Share Premium	-	4,519	b1
	Equity Share Premium	-	2,340	b2
	Preference Share Premium	-	2,179	b3
	Statutory Reserves	17,772	19,767	b4
	Other Revenue Reserves	28,056	35,063	
	of which:			
	<i>Retention of Rem. Sur</i>	28,056	35,039	c1
	<i>Investment Reserve Account</i>	-	-	c2
	<i>General Reserve</i>	-	24	c3
	Surplus- Unallocated & Carried Over	7,877	7,877	
	Operating Surplus (in current year)	3,611	3,611	
	Operating Surplus (JMSI and JPMAI)		(79)	d1
	Minority Interest	-	-	
	Total Capital	101,369	119,175	

ii.	Deposits	239,587	233,512	
	of which : Deposits from banks	39,098	39,098	
	of which : Customer deposits	200,489	194,414	
	of which : Other deposits (pl. specify)	-	-	
iii.	Borrowings	37,876	67,876	
	of which : From RBI	-	-	
	of which : From banks	37,376	37,376	
	of which : From other institutions & agencies, corporates	500	30,500	
iv.	Other liabilities & provisions	189,572	191,271	
	of which:			
	General Provisions and loss Reserves	1,890	1,935	c4
	Total	568,404	611,834	
B	Assets			
i.	Cash and balances with Reserve Bank of India	30,220	30,220	
	Balance with banks and money at call and short notice	149,350	154,198	
ii.	Investments :	112,675	136,016	
	of which : Government securities	111,571	111,571	
	of which : Other approved securities	-	-	
	of which : Shares	1,104	1,104	
	of which : Debentures & Bonds	-	12,458	
	of which : Subsidiaries / Joint Ventures / Associates	-	-	
	of which : Others (Commercial Papers, Mutual Funds etc.)	-	10,883	
iii.	Loans and advances	112,881	126,655	
	of which : Loans and advances to banks	11,741	11,741	
	of which : Loans and advances to customers	101,140	114,914	
iv.	Fixed assets	103	103	
v.	Other assets	163,175	164,642	
	of which : Goodwill and intangible assets	-	-	
	of which : Deferred tax assets	91	114	d1
vi.	Goodwill on consolidation	-	-	
vii.	Debit balance in Profit & Loss account	-		
	Total Assets	568,404	611,834	

XIV. Main Features of Regulatory Capital Instruments

A. The Main Features of Equity Capital (Common Equity Tier 1) are given below*:

S No.	Particulars	Equity		Equity	
1	Issuer	J.P. Morgan Securities India Private Limited		J.P. Morgan Advisors India Private Limited	
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N.A. (As securities are not marketable)		N.A. (As securities are not marketable)	
3	Governing law(s) of the instrument	Indian Laws		Indian Laws	
	Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier 1		Common Equity Tier 1	
5	Post-transitional Basel III rules	Common Equity Tier 1		Common Equity Tier 1	
6	Eligible at solo / group / group & solo	Solo and Group		Solo and Group	
7	Instrument type	Common Shares		Common Shares	
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	1,538		2,050	
9	Par value of instrument	Rs 10/-		Rs 10/-	
10	Accounting classification	Shareholders' equity		Shareholders' equity	
11	Original date of issuance	Date of Issuance	Number of Shares issued	Date of Issuance	Number of Shares issued
		15-Oct-1998	85,000,000 shares	27-Jun-1996	2 shares
		28-Dec-2004	400 shares	12-Dec-2002	9,998 shares
		22-Jun-2007	90,000,000 shares	01-Sep-2005	1,990,000 shares
		18-Mar-2010	10,000 shares	09-Sep-2005	31,000,000 shares
		Total	153,760,400* shares	27-Mar-2008	172,040,000 shares
		* 21,250,000 equity shares were reduced and cancelled.		Total	205,040,000 shares
12	Perpetual or dated	Perpetual		Perpetual	
13	Original maturity date	no maturity		no maturity	
14	Issuer call subject to prior supervisory approval	NO		NO	
15	Optional call date, contingent call dates and redemption amount	NA		NA	
16	Subsequent call dates, if applicable	NA		NA	
	Coupons / dividends				
17	Fixed or floating dividend / coupon	Floating		Floating	
18	Coupon rate and any related index	NA		NA	

19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	fully discretionary	fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	noncumulative.	noncumulative.
23	Convertible or non-convertible	nonconvertible	nonconvertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

*The Bank does not have equity share capital.

B. The Main Features of Preference Share Capital (Tier 2) are given below:

S No.	Particulars	Preference Share Capital	Preference Share Capital
1	Issuer	J.P. Morgan Securities India Private Limited	J.P. Morgan Advisors India Private Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N.A. (As securities are not marketable)	N.A. (As securities are not marketable)
3	Governing law(s) of the instrument	Indian Laws	Indian Laws
	Regulatory treatment		
4	Transitional Basel III rules	Tier 2	Tier 2
5	Post-transitional Basel III rules	Tier 2	Tier 2
6	Eligible at solo / group / group & solo	Solo and Group	Solo and Group
7	Instrument type	Others - Cumulative convertible redeemable preference shares	Others - Compulsorily convertible preference shares
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	160	616
9	Par value of instrument	Rs 10	Rs 10
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	23-Mar-04	25-Mar-13
12	Perpetual or dated	Dated	Dated
13	Original maturity date	23-Mar-24	24-Mar-23
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA
16	Subsequent call dates, if applicable	NA	NA
	Coupons / dividends		
17	Fixed or floating dividend / coupon	Fixed	Fixed
18	Coupon rate and any related index	5%	10%
19	Existence of a dividend stopper	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible

24	If convertible, conversion trigger(s)	5% cumulative convertible redeemable preference shares of Rs 10 each are redeemable at a premium of Rs 90 per share at the end of twenty years (March 23, 2024) from the date of allotment (March 23, 2004) or earlier, at the discretion of the Board of Directors of the Company, or are convertible into equity shares at any time and on such terms, as may be determined by the Board of Directors of the Company.	10% Compulsorily Convertible Preference Shares (CCPS) of Rs 10 each are issued at a premium of Rs. 12 per share. Further the CCPS are compulsorily convertible into equity shares of the company at the end of 10 years (March 24, 2023) from the date of allotment (March 25, 2013) of the CCPS or any earlier date at the discretion of the Board of Directors of the Company, in the ratio of one Equity Share to be issued for one CCPS to be converted, subject to applicable regulatory requirements, if any. The rate of dividend to be paid on CCPS will be 10% per annum on the capital for the time being paid up thereon on a cumulative basis.
25	If convertible, fully or partially	Fully	Fully
26	If convertible, conversion rate	Not specified	1:1
27	If convertible, mandatory or optional conversion	Optional	Mandatory
28	If convertible, specify instrument type convertible into	Equity Shares	Equity shares
29	If convertible, specify issuer of instrument it converts into	J.P. Morgan Securities India Private Limited	J.P. Morgan Advisors India Private Limited
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.	In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

XV. Main Features of Regulatory Capital Instruments

Table DF-14 : Full Terms and Conditions of Regulatory Capital Instruments	
Instruments	Full Terms and Conditions
J.P. Morgan Securities India Private Limited	
Equity Share Capital	The Company has one class of equity shares having par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
Preference Share Capital	
Name Of The Company	J.P. Morgan Securities India Private Limited ('JPMSI' or 'the Company')
Type Of Shares	Preference
Description	5% Cumulative Convertible Redeemable Preference Shares (CCRP)
No. Of Shares Offered	16,000,000
Face Value	Rs. 10/- per share
Premium	Rs. 90/- per share
Issue Price	Rs. 100/- per share
Nature Of Issue	On rights basis to existing equity Shareholders in the ratio of their existing shareholding in the proportion as nearly as circumstances admit, to the capital paid-up on the equity shares as on February 5, 2004, subject to the condition that where in respect of any shareholder, the entitlement in terms of this offer is less than one 5% CCRP share, the entitlement shall be rounded off to a minimum of one 5% CCRP share.
Tenure/ Conversion Into Equity	The preference shares are redeemable at a premium of Rs. 90/- per share at the end of twenty years (March 23, 2024) from the date of allotment (March 24, 2004) or earlier at the discretion of the Board of Directors of the Company or are convertible to equity shares at any time and on such terms as may be determined by the Board of Directors of the Company.
Ranking Of Shares & Dividend	JPMSI, subject to the provisions of the Act, is entitled to issue further Preference shares ranking in all respects pari passu with but not in priority to the existing

	<p>Preference shares.</p> <p>The redeemable preference shares shall carry the right to a fixed cumulative preferential dividend at the rate of 5% per annum (subject to deduction of income tax) on the capital for the time being paid-up thereon. The holders of redeemable preference shares shall have the right in winding up to payment of capital and arrears of dividend, if declared, upto the commencement of the winding up in priority to the other capital of the company but shall not confer any further right to participate in the profits or assets of the Company.</p>
J.P. Morgan Advisors India Private Limited	
Equity Share Capital	The Company has one class of equity shares having par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The dividend recommended by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
Preference Share Capital	
Name Of The Company	J.P. Morgan Advisors India Private Limited ('JPMAIPL' or 'the Company')
Type Of Shares	Preference
Description	10% Compulsorily Convertible Preference Shares (CCPS)
No. Of Shares Issued	61,573,800
Face Value	Rs. 10/- per share
Premium	Rs. 12/- per share
Issue Price	Rs. 22/- per share
Conversion Into Equity	The CCPS will be compulsorily convertible into Equity Shares of the Company at the end of 10 years (March 24, 2023) from the date of allotment (March 25, 2013) of the CCPS or on any earlier date at the discretion of the Board of Directors of the Company, in ratio of one Equity Share to be issued for one CCPS to be converted subject to applicable regulatory requirements, if any.
Dividend	The rate of dividend to be paid on CCPS will be 10% per annum on the capital for the time being paid up thereon on a cumulative basis.
Ranking Of Shares & Dividend	The Company shall, subject to the

	<p>provisions of the Act, be entitled to issue further Preference shares ranking in all respects pari passu with but not in priority to the existing Preference shares.</p> <p>The equity shares issued pursuant to conversion of the CCPS in accordance with the terms and conditions of this issue, shall in all respects, rank pari passu with the other equity shares of the Company.</p> <p>The CCPS will be compulsorily convertible into Equity Shares of the Company on the terms and conditions as prescribed hereinabove and shall carry the right to a fixed cumulative preferential dividend at the rate of 10% per annum. The holders of CCPS shall have the right in winding up to payment of capital and arrears of dividend, if declared, upto the commencement of winding up in priority to the other capital of the Company but shall not confer any further right to participate in the profits or assets of the Company.</p>
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XVI. Disclosure Requirement for Remuneration

In accordance with the requirements of the RBI circular DBOD No BC. 72/29.67.001/2011-12 Dated 13 January 2012 the Bank has obtained a letter from its Head Office which states that the Compensation policies in India including that for the CEO are in line with the FSB requirements of the home country.

XVII. Equities – Disclosure for Banking Book Positions

The Bank does not hold any equity position in the Banking book.

XVII. Leverage Ratio

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk based capital framework) divided by the exposure measure. The Bank is required to maintain a minimum leverage ratio of 4.5%. As per RBI guidelines, disclosures required for leverage ratio for the Bank at the consolidated level at September 30, 2018 is as follows:

(Rs. in million)	
Particulars	
Tier 1 Capital	103,318
Exposure Measure	817,961
Leverage Ratio	12.63%

1. Leverage ratio common disclosure template

(Rs. in million)	
Particulars	Amount¹
On-balance sheet exposures	
1. On-balance sheet items (excluding derivatives and SFTs, but including collateral)	374,547
2. (Asset amounts deducted in determining Basel III Tier 1 capital)	-
3. Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	374,547
Derivative exposures	
4. Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	100,497
5. Add-on amounts for PFE associated with all derivatives transactions	212,006
6. Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7. (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8. (Exempted CCP leg of client-cleared trade exposures)	-
9. Adjusted effective notional amount of written credit derivatives	-
10. (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11. Total derivative exposures (sum of lines 4 to 10)	312,503
Securities financing transaction exposures	
12. Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	89,578
13. (Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14. CCR exposure for SFT assets	4,522
15. Agent transaction exposures	-
16. Total securities financing transaction exposures (sum of lines 12 to 15)	94,100
Other off-balance sheet exposures	
17. Off-balance sheet exposure at gross notional amount	149,058
18. (Adjustments for conversion to credit equivalent amounts)	(112,247)
19. Off-balance sheet items (sum of lines 17 and 18)	36,811
Capital and total exposures	
20. Tier 1 capital	103,318
21. Total exposures (sum of lines 3, 11, 16 and 19)	817,961
Leverage ratio	
22. Basel III leverage ratio (per cent)	12.63%

Note :-

1. Includes all entities considered under regulatory scope of consolidation.

2. Summary comparison of accounting assets vs. leverage ratio exposure measure

(Rs. in million)

Particulars	Amount ¹
1. Total consolidated assets as per published financial statements	611,834
2. Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3. Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4. Adjustments for derivative financial instruments	164,382
5. Adjustment for securities financing transactions (i.e. repos and similar secured lending)	4,522
6. Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	36,811
7. Other adjustments	412
8. Leverage ratio exposure	817,961

Note :-

1. Includes all entities considered under regulatory scope of consolidation.

3. Reconciliation of total published balance sheet size and on balance sheet exposures under common disclosure

(Rs. in million)

Particulars	Amount ¹
1. Total consolidated assets as per published financial statements	611,834
2. Replacement cost associates with all derivative transactions	(148,121)
3. Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(89,578)
4. Other adjustments	412
5. On Balance sheet exposure under Leverage ratio (excluding derivative and SFTs)	374,547

Note :-

1. Includes all entities considered under regulatory scope of consolidation.