

PSBs geared to meet capital norms under Basel-III: IBA

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Says banks taking necessary measures to handle stressed assets

Mumbai, February 12:

Indian Banks' Association, the industry body of banks in India, said on Friday that although public sector banks have incurred losses they remain well-capitalised to meet Basel-III capital requirements.

The banks have incurred losses in the October-December 2015 quarter as a result of the balance sheet clean-up exercise they are currently undertaking on RBI's directive.

IBA, in a statement, said: "Banks are taking necessary measures to handle their stressed assets....the asset quality has essentially deteriorated on account of the economic downturn and the banking industry is addressing the issue related to each project to put it back on track."

The Association further said public sector banks have been assured of adequate capital support by the Centre and banks are confident of raising additional capital to handle the credit needs of a growing economy.

Basel-III capital regulation is based on three mutually reinforcing pillars — minimum capital requirements, supervisory review of capital adequacy, and market discipline.

Under Basel-III, the RBI requires banks to maintain minimum total capital at 9 per cent of their loans. Along with the capital conservation buffer of 2.5 per cent, the total capital requirement goes up to 11.5 per cent.

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