PILLAR III DISCLOSURE REQUIREMENTS

1. **Scope of Application and Capital Adequacy**

Table DF 1 –SCOPE OF APPLICATION

Name of the head of the Banking group to which the framework applies - Mr. Jayakumar P.G.

i) Qualitative Disclosures:

a. Dhanlaxmi Bank has no subsidiaries.
b. Not applicable since the Bank does not have any subsidiaries

ii) Quantitative Disclosures:

c,d,e & f. Since the Bank does not have any subsidiaries, there are no quantitative disclosures.

TABLE DF 2- CAPITAL ADEQUACY

Qualitative disclosures:

Basel- III guidelines issued by RBI

Reserve Bank of India issued Guidelines based on the Basel III reforms on capital regulation on May 2012, to the extent applicable to Banks operating in India. The Basel III capital regulation has been implemented from April 01, 2013 in India in phases and it will be fully implemented as on March 31, 2018. The Basel III Capital Regulations have been consolidated in Master Circular – Basel III Capital Regulations vide circular No. DBOD. No. BP. BC. 2/ 21.06.201/2013-14 dated July 1 2013.

Basel III Capital regulations continue to be based on three-mutually reinforcing pillars viz, minimum capital requirements, supervisory review of capital adequacy and market discipline of the Basel II capital adequacy framework. The circular also prescribes the risk weights for the balance sheet assets, non-funded items and other off-balance sheet exposures and the minimum capital funds to be maintained as ratio to the aggregate of the risk weighted assets and other exposures, as also, capital requirements in the trading book, on an ongoing basis and operational risk. The Basel-III norms mainly seek to:

a) Raise the quality of capital to ensure that the Banks are capable to absorb losses on both as going concern and as gone concern basis,
b) Increase the risk coverage of the capital framework
c) Introduce leverage ratio to serve as a backstop to the risk-based capital measure
d) Raise the standards for the supervisory review process and public disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers, viz., capital conservation buffer and countercyclical buffer. Both the buffers are intended to protect the Banking sector from stressed situations and business cycles. The Capital

Conservation Buffer requirements would start from March 31, 2015 and are to be fully implemented by March 31, 2018.

a. Summary

(i) Tier I Capital : ***Tier I capital of the Bank includes***

- Equity Share Capital
- Reserves& Surpluses comprising of
  - ✓ Statutory Reserves,
  - ✓ Capital Reserves,
  - ✓ Share Premium and
  - ✓ Balance in P&L account

(a) Common Equity Tier I

The Bank has authorised share capital of Rs.200 crore comprising 20 crore equity share of Rs.10/- each. As on 30th September 2013, the Bank has issued, subscribed and paid-up capital of Rs.108.36 crore, constituting 10, 83, 59619 shares of Rs. 10/- each. The Bank's shares are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE).

(b) Additional Tier I Capital

As on September 30, 2013 the Bank does not have Additional Tier I Capital.

(ii) Tier 2 Capital includes Revaluation Reserve, Special Reserves, Standard Asset Provisions and Tier II Bonds.

Debt Capital Instruments:

The Bank has been raising capital funds by means of issuance of Upper Tier 2 and Subordinated bonds. The details of Upper Tier 2 and Subordinated Debt (Unsecured Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Notes/Debentures), issued by the Bank and outstanding as on September 30, 2013 are given below. As these Bonds are not fully compliant with the eligibility criteria set under Basel III Capital Regulations, these are phased out and considered in computation of Tier 2 Capital under the transitional provisions.

Series	Coupon (%)	Date of Allotment	Maturity Date	Amount of Issue- Rs. in Crores
Series VII	Payable half yearly @ 9.70%	30.09.2006	29.12.2013	17.00
Series VIII	Payable annually @ 10.30%	30.09.2009	30.04.2015	150.00
Upper Tier II Series I	Payable annually @ 10% for the first 10 years	28.07.2010	30.07.2025	27.50
Series IX	Payable annually @ 11%	20.01.2012	20.07.2018	10.00
Series X- A	Payable half yearly @ 11.90%	29.05.2012	29.04.2018	54.50
Series X- B	Payable half yearly @ 11.95%	29.05.2012	29.05.2019	14.20

Series	Coupon (%)	Date of Allotment	Maturity Date	Amount of Issue- Rs. in Crores
Series XI-A	Payable half yearly @ 11.90%	03.08.2012	03.05.2018	29.30
Series XI-B	Payable half yearly @ 11.95%	03.08.2012	03.08.2019	3.70
Series XIII-B	Payable half yearly @ 11.95%	10.12.2012	10.12.2019	5.00
Series XIV-A	Payable half yearly @ 11.90%	24.01.2013	24.10.2018	1.00

Of this Rs.54.75 crore is eligible for Tier 2 Capital.

Quantitative Disclosures:

Risk exposure and assessment

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The Bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP document. Capital requirement for current business levels and framework for assessing capital requirement for future business levels has been made. Capital need and capital optimization are monitored periodically by the Committee of Top Executives. The Top Executives deliberate on various options available for capital augmentation in tune with business growth.

Composition of Capital as on 30.09.2013

Items	Rs. in Crore
Paid-up share capital	106.06
Reserves	826.51
Common Equity Tier 1 Capital before deductions	932.57

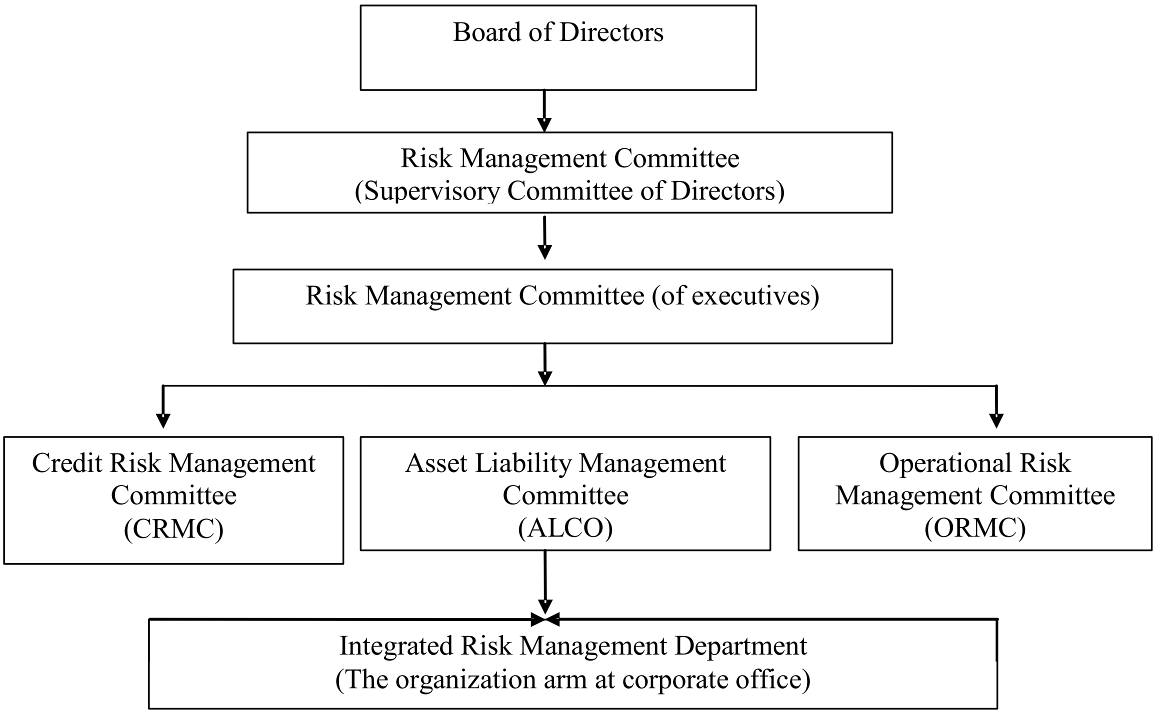
Less amounts deducted from Tier I capital, including unamortized pension fund expenditure.	(212.68)
(a) Common Equity Tier 1 Capital	**719.89**
(b) Additional Tier-I Capital	0.00
(c) Total Tier-I Capital (a+b)	**719.89**
Directly issued Tier II capital instruments subject to phase out	54.75
General Provisions /Revaluation Reserves	41.46
(d) Total Tier-2 Capital	**96.21**
Total Eligible capital (c+ d)	**816.10**

The Bank is following Standardized Approach, Standardized Duration Approach and Basic Indicator Approach for measurement of capital charge in respect of Credit Risk, Market Risk and Operational Risk respectively. The Capital requirements for Credit Risk; Capital requirements for Market Risk; Capital requirements for Operational Risk and the Common Equity Tier 1, Tier 2 and Total Capital Ratios are given below: -

Rs.in Crores

Items	30.09.2013
(b) Capital requirements for credit risk	**604.05**
Portfolios subject to standardized approach	604.05
Securitisation exposures	0
(c) Capital requirements for market risk Standardized duration approach	**39.02**
Interest rate risk	34.57
Foreign exchange risk(including gold)	3.25
Equity position risk	1.20
(d) **Capital requirements for operational risk**	**59.45**
Basic Indicator Approach	59.45
(e) Common Equity Tier 1, Tier 2 and Total Capital Ratios	
Common Equity Tier 1 CRAR (%)	9.23%
Tier 2 CRAR (%)	1.23%
◆ Total CRAR % for the Bank	**10.46%**

<u>Structure and Organization of the Risk Management function in the Bank</u>



Scope and Nature of Risk Reporting and/or Measurement Systems

The Bank has adopted an integrated approach for the management of risk. The Bank's Integrated Risk Management Department (IRMD) is the organizational arm for risk management functions. The Bank has developed a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Major initiatives of IRMD are -

- ✓ Risk rating system is drawn up in a structured manner incorporating the parameters from the five main risk areas 1) Financial Risk, 2) Industry/Market Risk, 3) Business Risk, 4) Management Risk, and 5) Facility risk
- ✓ Risk rating system is made applicable for loan accounts with total limits of Rs.2 lakhs and above.
- ✓ Different rating models are used for different types of exposures, for eg; Traders, SME, NBFC, Corporate, small loans, retail loans etc.
- ✓ IRMD validates the ratings of all exposures of Rs.25 lakhs and above.
- ✓ An independent analysis is carried out of the various risks attached to the credit proposals including industry analysis.
- ✓ Carries out rating migration analysis of the credit exposures of Rs.5 crores & above on a quarterly basis. Rating Migration analysis covering all exposures of Rs.25 lacs and above is conducted on an annual basis.
- ✓ Evaluates the asset quality by tracking the delinquencies and migration of borrower from one rating scale to another in various industry, business segment etc.

Credit facilities are sanctioned at various levels in accordance with the delegation approved by the Board. The Bank has in place the following hierarchical functionaries with powers delegated for credit sanction and administration:

- ➢ Branch Head with Branch Operational Manager jointly,
- ➢ Regional Credit Committee

- Zonal Credit Committee
- Corporate Credit Committee at Corporate Office level
- Committee of Directors
- Board of Directors

Head Integrated Risk Management Department is a member of the CCC. The Bank has implemented a software solution to get system support for calculation of Risk Weighted Assets for CRAR computation.

Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants

The Bank has put in place a Board approved policy on Credit Risk Mitigation Techniques and Collateral Management, covering the credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes. Apart from the Basel defined collateral, the Bank ensures securities by way of inventories, Book Debts, plant & machineries, Land& Buildings and other moveable/immovable assets/properties. The Bank also accepts personal/corporate guarantee as an additional comfort for credit risk mitigation. The securities are subjected to proper valuation as prescribed in the Credit Policy of the Bank.

Bank has laid down detailed guidelines on documentation to ensure legal certainty of Bank's charge on collaterals. In order to ensure that documents are properly executed, the function has been brought under the purview of Credit Officers. The Credit Officers at branches ensure documentation, ground level follow up, collection of feedback, closer monitoring of accounts, quality of asset portfolios, statistical analyses, reporting of irregularities, providing guidelines, compliance with policy prescriptions and adherence to terms of sanction.

The Bank has an exclusive set up for Credit monitoring functions in order to have greater thrust on post sanction monitoring of loans and strengthen administering the various tools available under the Bank's policies on loan review mechanism. For effective loan review, the Bank has the following in place: -

- On site monitoring tools like Inspection of assets/ books/stock of the borrower, stock audit, operations in the account, payment of statutory dues etc.
- Recording of loan sanctioned by each sanctioning authority by the next higher authority.
- Off site monitoring tools like Financial Follow Up Reports, verification of various statutory returns, Audit Reports etc.

TABLE DF 3 –CREDIT RISK: GENERAL DISCLOSURES

Qualitative disclosures:

(a) General: -

Definitions of past due and impaired (for accounting purposes)

The Bank has adopted the definition of the past due and impaired (for accounting purposes) as defined by the Regulator for income recognition and asset classification norms which is furnished below:-

1. Non performing Assets

An asset, including a leased asset, becomes non performing when it ceases to generate income for the Bank. A non performing asset (NPA) is a loan or an advance where;

a) interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
b) the account remains ‘out of order’ as indicated at paragraph 2 below, in respect of an Overdraft/Cash Credit (OD/CC),
c) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
d) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
e) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,

An account is classified as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

2. ‘Out of Order’ status: An account is treated as **'out of order'** if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts are treated as **'out of order'**.

3. **‘Overdue’:** Any amount due to the Bank under any credit facility is ‘overdue’ if it is not paid on the due date fixed by the Bank.

Strategies and Processes for Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top level functional committee for Credit Risk. The committee considers and takes decisions necessary to manage and control credit risk within overall quantitative prudential limit set up by Board. The committee is entrusted with the job of approval of policies on standards for presentation of credit proposal, fine-tuning required in various rating models based on feedbacks or change in market scenario, approval of any other action necessary to comply with requirements set forth in Credit Risk Management Policy/ RBI guidelines or otherwise required for managing credit risk.

The Bank’s strategies to manage the credit risks in its lending operations are as under:

a) The Bank has a Comprehensive Board Approved Credit Risk Management Policy which is reviewed and revised annually. In addition to the above, various strategies with regard to Credit risk management are covered under Banks Credit Policy, Credit Monitoring Policy and Recovery Policy which are periodically reviewed by the Board.
b) Defined segment exposures delineated into Retail, SME and Corporates;
c) Industry wise exposure caps on aggregate lending by Bank
d) Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank’s capital funds in line with RBI guidelines.
e) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels
f) A well defined approach to sourcing and preliminary due diligence while sourcing fresh credit accounts
g) A clear and well defined delegation of authority within the Bank in regard to decision making linking exposure, rating and transaction risks.
h) Regular review of all credit structures and caps, continuously strengthening credit processes, and monitoring oversight which are regularly reviewed and duly approved by the Board of the Bank.

i) Credit Risk Management Cell is validating the rating assigned to all individual credit exposures of Rs 25 Lakh and above.
j) Bank has an ever improving procedures and structures with respect to Credit Approval Process, Credit Rating, Prudential Limits, Documentation, Credit Monitoring and Review Mechanism.
k) Credit Audit System by Inspection & Audit department has been put in place where the scope has been enhanced to cover exposure of Rs.3 cores and above on select basis (for exposure of Rs.5 crore and above, credit audit is compulsory).
l) Legal Audit is being conducted for all the advances Rs.1 Crore and above, backed by mortgage of properties, once in a year.
m) The review of accounts is usually done once a year. But in case of deterioration of the quality of advance the frequency of review is shortened to half yearly or quarterly as per the case.
n) The Credit Officers takes care of the security creation and account management
o) Credit Policy & Monitoring Group takes care of the monitoring of the loan assets.
p) Bank has started quarterly industry study which would provide necessary information to increase/hold/decrease exposure under various industries.

Quantitative disclosures:

(a)Total Gross credit exposures: (After accounting offsets in accordance with applicable accounting regime and without taking into account the effects of credit risk mitigation techniques e.g. Collateral and netting)

In Crore

Overall credit exposure		**30.09.2013**	**TOTAL 30.09.2013**
Fund Based	Loans & advances	8115.95	9537.85
	Cash, RBI and Banks	868.92	
	Others(Fixed Assets & other Assets)	552.98	
Non Fund Based	LC, BG etc	284.24	1249.83
	Forward Contracts / Interest rate SWAPS	660.51	
	Others	305.07	
Investments (Banking Book only)	--	3063.33	3063.33
Total of Credit Risk exposure	--	**13851.01**	**13851.01**

(b) Geographic distribution of exposures:

In Crore

Exposures	**30.09.2013**		
	Fund based	**Non Fund Based**	**TOTAL**
Domestic operations	12601.18	1249.83	13851.01
Overseas operations	Bank has no overseas operations		

(c) Industry type distribution of exposures as on 30.09.2013:

(Rs.in crore)

Particulars	Fund	Non Fund	Total
Food Processing	196.11	5.74	201.85
Sugar	2.10	-	2.10
Vegetable Oils and Vanaspati	1.01	-	1.01
Textile/ Apparels/ Garments	199.77	6.22	205.99
Paper & Paper Products	10.74	0.79	11.53
Chemicals and Chemical Products	169.24	3.35	172.59
Of Which Drugs and Pharmaceuticals	132.37	3.09	135.46
Of Which Others	36.87	0.26	37.13
Rubber & Rubber Products	34.16	0.37	34.53
Cement	19.43	1.20	20.63
Metal & Metal Products	105.09	8.85	113.94
All Engineering	202.86	18.88	221.74
Automobile	162.49	10.92	173.41
Gems & Jewellery	453.81	16.14	469.96
Construction	234.77	14.73	249.50
Infrastructure	738.44	46.98	785.42
Of Which Power	266.45	0.67	267.12
Of Which Telecommunication	94.99	-	94.99
Of Which Roads	90.23	-	90.23
Of Which Others	286.77	46.31	333.08
NBFC	523.42	2.11	525.52
Trading	150.44	12.70	163.15
Capital Market	20.15	0.40	10.56
Real Estate	1,035.92	1.05	1,036.97
Of which residential real estate	264.67	-	264.67
Of which commercial real estate	220.07	1.05	221.12
Of which other direct exposure	551.17	-	551.17
Computer Software	150.75	28.13	178.88
Other Industries	347.74	37.60	445.35
Residuary Other Advances	3,271.98	43.67	3,303.32
Gross Advances	**8030.41**	**259.84**	**8327.95**

(d) Residual maturity breakdown of assets:

(Rs.in crore)

Maturity Pattern Assets	Advances 30.09.2013	Investments 30.09.2013	Foreign Currency 30.09.2013
Day 1	62.03	59.98	198.77
2 to 7 Days	211.83	24.84	29.40
8 to 14 days	231.97	24.18	60.37
15 to 28 days	176.88	127.94	2.41
29 days up to 3 months	771.83	15.95	142.71
Over 3 months and up to 6 months	796.23	3.66	46.72

Over 6 months and up to 1 year	1432.39	60.87	61.51
Over 1 year and up to 3 years	2836.86	241.18	0.00
Over 3 years and up to 5 years	717.78	615.84	0.00
Over 5 years	657.39	3218.98	0.00
Total	**7895.20**	**4393.42**	**541.89**

(e) Non-performing assets:

No	Items	Amount in Rs. crore
		30.09.2013
1	**Gross NPAs**	**426.79**
1.1	Substandard	298.01
1.2	Doubtful 1	75.53
1.3	Doubtful 2	16.28
1.4	Doubtful 3	8.12
1.5	Loss	28.85
2	**Net NPAs**	**291.23**
3	**NPA Ratios**	
3.1	Gross NPAs to Gross Advances (%)	5.31%
3.2	Net NPA s to Net Advances (%)	3.69%
4	**Movement of NPAs (gross)**	
4.1	Opening balance	440.27
4.2	Additions	30.79
4.3	Reductions	44.27
4.4	Closing balance	426.79
5	**Movement of provisions for NPAs**	
5.1	Opening balance	132.56
5.2	Provisions made during the quarter	13.67
5.3	Write-off	0.18
5.4	Write back of excess provisions	11.3
5.5	Closing balance	134.75
6	**Amount of non-performing investments**	6.97
7	**Amount of provisions held for non –performing investments**	6.97
8	**Movement of Provisions held for NPIs**	0
8.1	Opening balance	6.97
8.2	Provisions made during the period	0
8.3	Write-off/ Write back of excess provisions	0
8.4	Closing balance	6.97

Table DF 5- Disclosures for portfolios subject to the standardized approach

Qualitative disclosures:

(a) For Portfolios under the standardized approach

1	Names of credit rating agencies used	Bank has approved all the external credit rating agencies accredited by RBI for the purpose of credit risk rating of domestic borrowal accounts, ie, CRISIL, CARE, India Ratings& Research Pvt. Ltd., ICRA, BrickWork Ratings, SMERA and International Credit rating agencies, i.e, Standard and Poor, Moody's and FITCH.
2	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same.	No change
3	Types of exposure for which each agency is used	The external rating assigned by an agency is considered only if it fully takes into account the credit exposure of the Bank. All the above identified Rating Agency rating are used for various types of exposures as follows :
		(i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit , Overdraft and other Revolving Credits) , Short -Term Rating given by ECAIs will be applicable
		(ii) For Domestic Cash Credit , Overdrafts and other Revolving Credits (irrespective of the period) and / or Term Loan exposures of over one year, Long Term Rating will be applicable.
		(iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable.
		(iv) Rating by the agencies is used for both fund based and non-fund based exposures.
		(iv) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.
4	Description of the process used to transfer public issue rating on to comparable assets in the Banking book.	Long –term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/counter-party) Ratings or Issuer(borrower-constituent/counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/counterparty in the following cases :
		(i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures , any other unrated exposure on the same counter-party will be assigned the same Risk Weight , if the exposure ranks paripassu or junior to the rated exposure in all aspects
		(ii) In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank's unrated exposures if the Bank's exposure ranks pari-passu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than Maturity of rated debt.

Quantitative disclosures

Amount of Bank's outstandings (rated & unrated) in major risk buckets- under standardized approach after factoring risk mitigants (i.e., collaterals):

Particulars	30.09.2013 - Rs. in Crores
Below 100% risk weight	6411.58
100% risk weight	3808.50
More than 100% risk weight	807.65
Total Exposure	**11027.73**

TABLE DF 5 –CREDIT RISK MITIGATION- STANDARDIZED APPROACH

QUALITATIVE DISCLOSURE:

(a) General

Policies and processes for collateral valuation and management:

The Bank has put in place a Board approved policy on Credit Risk Mitigation Techniques and Collateral Management, covering the credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes.

A description of the main types of collateral taken by the Bank

Collateral used by the Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely: -

- ✓ Cash and fixed deposits of the counterparty with the Bank.
- ✓ Gold: value arrived at after notionally converting these to 99.99% purity.
- ✓ Securities issued by Central and State Governments.
- ✓ Kisan Vikas Patra and National Savings Certificates.
- ✓ Life Insurance Policies restricted to their surrender value.
- ✓ Debt securities rated by an approved Rating Agency.
- ✓ Unrated debt securities issued by Banks, listed in Stock Exchange.
- ✓ Units of Mutual Funds.

Bank has no practice of on balance sheet netting for credit risk mitigation. The main types of guarantor counterparty and their creditworthiness

Bank accepts guarantees of individuals or corporates of adequate networth, as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor and are unconditional and irrevocable.
Main types of guarantor counterparty as per RBI guidelines are: -

- ✓ Sovereigns (Central/ State Governments)
- ✓ Sovereign entities like ECGC, CGTMSE, CRGFTLIH
- ✓ Bank and primary dealers with a lower risk weight than the counterparty
- ✓ Other entities rated AA (-) and above. The Guarantees has to be issued by entities with a lower risk weight than the counterparty.

Information about risk concentrations of collaterals within the mitigation taken as on 30.09.2013:

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Crore)	Risk Concentration %
Gold	1451.95	73.88
Cash & Bank Deposits	521.14	26.04
KVP/IVP/NSC	1.29	0.07
LIC Policy	0.36	0.01
Total	**1975.74**	**100**

Majority of the financial collaterals held by the Bank are by way of Gold, own deposits, Life Insurance Policies and other approved securities. Bank does not envisage market liquidity risk in respect of financial collaterals.

Concentration on account of collateral is also relevant in the case of land& building. However, as land & building is not recognized as eligible collateral under Basel II standardized approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of housing loan to individuals and non performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

Quantitative Disclosures:

For the disclosed Credit Risk portfolio under the Standardised Approach, the total
Exposure that is covered by:
(i) Eligible Financial Collateral : Rs. 1975.74 Crores
(ii) Other eligible Collateral (after Hair Cuts) : Rs. Nil

DF TABLE 6- SECURITISATION – STANDARDIZED APPROACH:

Qualitative Disclosures:

- Bank has not securitized any of its standard assets till date.

DF TABLE 7 - MARKET RISK IN TRADING BOOK- STANDARDIZED MODIFIED DURATION APPROACH:

Qualitative Disclosures:

(a) General : -

Strategies and processes

The overall objective of market risk management is to maximize shareholder value by improving the Bank's competitive advantage and reducing loss from all types of market risk loss events. For effective management of market risk, Bank has put in place a well established framework with the Integrated Treasury Policy and Asset Liability Management Policy. The Asset Liability Management Committee is responsible for establishing market risk management and Asset liability management in the Bank. ALCO is a decision making unit responsible for balance sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks. ALCO ensures adherence to the limits set by RBI as well as the Board.

Scope and nature of risk reporting/ measurement systems

The Bank has put in place regulatory/ internal limits for various products and business activities relating to trading book. Various exposure limits for market risk management such as overnight limit, VaR limit, Daylight limit, Aggregate Gap limit, Investment limits etc. are in place. The reporting system ensures time lines, reasonable accuracy with automation, highlight portfolio risk concentrations and include written analysis. The reporting formats and frequency are periodically reviewed to ensure that they suffice for risk monitoring, measuring and mitigation requirements of the Bank. Bank also subjects Non-SLR investments to credit rating.

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Board approved policies viz., Integrated Treasury Policy and Asset Liability Management Policy provides the framework for risk assessment, identification, measurement and mitigation, risk limits & triggers, risk monitoring and reporting.

Liquidity risk of the Bank is assessed through Statement of Structural Liquidity Statement which is prepared on a daily basis. The Bank also reviews various liquidity ratios on a fortnight basis in order to control the liquidity position. Interest Rate Risk is analyzed from earnings perspective using Traditional Gap Analysis on a fortnightly basis and economic value perspective using Duration Gap Analysis on a monthly basis. Stress tests are conducted at quarterly intervals to assess the impact of various contingencies on the Bank's earnings and the capital position.

The Bank uses Standardized Duration approach for computation of market risk capital charge on the investment portfolio held under HFT and AFS, Gold and Forex Open positions. The market risk capital charge is calculated on a daily basis and reported to ALCO.

Quantitative Disclosures:

Particulars	Amount of capital requirement 30.09.2013 (in crores)
Interest rate risk	**34.57**
Equity position risk	**1.20**
Foreign exchange risk	**3.25**

TABLE DF 08-OPERATIONAL RISK:

Qualitative disclosures:

(a) General

Strategies and processes: -The Bank's strategy is to ensure that the Operational risks which are inherent in Process, People and System and the residual risks are well managed by the implementation of effective Risk management techniques. Keeping this in view, the Bank has been following risk management measures which address the risks before and after implementation of a process, product and system. All new products, processes and systems which are cleared by the Product & Process Approval Committee (PPAC) are risk vetted by the Operational Risk Management (ORM) cell, before implementation. The ORM cell has completed Risk & Control Self Assessment (RCSA) at Thrust Branches and other core functions highlighting the potential risks that can happen during the course of operations and to assess whether the controls are adequate to manage/ mitigate these risks. Risk Based Internal Audit is in place in all the Branches. The Bank has a RCSA document approved by the Risk Management Committee of the Board (RMCB), in place.

The framework for Operational Risk Management is well-defined in the Operational Risk Management (ORM) Policy which is reviewed and revised annually. The ORM Committee at the executive level, which meets at regular intervals oversees Bank-wide implementation of Board approved policies and process in this regard. The Bank has put in place important policies like Information System Security, Know Your Customer & Anti Money Laundering, Fraud Risk Management, Business Continuity and Disaster Recovery Management.

Scope and nature of risk reporting/ measurement systems: -

The Bank has adopted Operational Loss Data Reporting Format from the Loss Data Methodology Document for collection of Loss Data, which will enable the Bank to eventually ease the transition to Advanced Measurement Approach for Capital Calculation. The ORM cell has a well-built internal Loss data collection system in place. The risk reporting consists of operational risk loss incidents/ events occurred in branches/ offices relating to people, process, technology and external events.

Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Internal control mechanism is in place to control and minimize the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self Assessment, corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. Bank is using insurance for mitigating operational risk. The various Board approved policies viz., Operational Risk Management Policy, Outsourcing Policy, Compliance Policy, Internal Inspection & Audit Policy, Internet Banking Security Policy; Policy on KYC & AML; Information Systems Security Policy and Business continuity Plans addresses issues pertaining to Operational Risk Management.

Operational Risk capital assessment:

The Bank has adopted Basic Indicator Approach for calculating capital charge for Operational Risk, as stipulated by the Reserve Bank of India. The ORM Cell is now focusing on the qualitative and quantitative requirements (RCSA, KRI identification, Business line mapping etc) prescribed by the regulator are being adopted by the Bank to move on to the Advanced Approaches in due course.

TABLE DF 09- Interest rate risk in the Banking Book (IRRBB):

(a) Qualitative Disclosures:

Strategies and processes

The Bank has put in place a comprehensive market risk management framework to address market risks. The Asset Liability Management Policy prescribes the measurement of the interest rate risk under two perspectives – Earnings perspective and Economic Value Perspective.

Under Earnings perspective, Bank uses the Traditional gap analysis method to calculate the Earnings at Risk (EAR), which is the quantity by which net income might change in the event of an adverse change in interest rate. EAR is calculated on a fortnightly basis.

Under Economic value perspective, Bank uses Duration Gap Analysis to assess the impact of interest rate risk. The Duration gap analysis monitors the impact of changes in the interest rates on the Market Value of Equity (MVE). It is calculated on a monthly basis.

The framework for managing interest rate risk (EVE) under Pillar II of Basel II is put in place through ICAAP Policy document.

Scope and nature of risk reporting/ measurement systems

Interest rate risk under duration gap analysis is evaluated on a monthly basis. The likely drop in Market Value of Equity for a 200 bps change in interest rates is computed. Earnings at Risk based on Traditional Gap Analysis are calculated on a fortnightly basis and adherence to tolerance limits set in this regard is monitored and reported to ALCO. Stress tests are conducted to assess the impact of interest rate risk under different stress scenarios on earnings of the Bank.

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants

Bank has operationalised mitigating/hedging measures prescribed by Integrated Treasury Policy, ALM Policy and Stress Testing Policy. The strategy adopted by ALCO for mitigating the risk is by clearly articulating the acceptable levels of exposure to specific risk types (interest rate, liquidity etc). The process for mitigating the risk is initiated by altering the mix of asset and liability composition and with the proper pricing of advances and deposits.

Brief description of the approach used for computation of interest rate risk

The interest rate risk (EVE) is computed through Duration Gap Analysis. The step-by-step approach for computing modified duration gap is as follows:

i) Identify variables such as principal amount, maturity date / re-pricing date, coupon rate, yield, frequency and basis of interest calculation for each item / category of Rate Sensitive Asset/Rate Sensitive Liability (RSA/RSL).
ii) Plot each item / category of RSA/RSL under the various time buckets. For this purpose, the absolute notional amount of rate sensitive off-balance sheet items in each time bucket are included in RSA if positive or included in RSL if negative.
iii) The mid-point of each time bucket is taken as a proxy for the maturity of all assets and liabilities in that time bucket.
iv) Determine the coupon and the yield curve for arriving at the yields based on current market yields or current replacement cost for computation of Modified Duration (MD) of RSAs and RSLs.
v) Calculate the MD in each time band of each item/ category of RSA/RSL using the maturity date, yield, coupon rate, frequency, yield and basis for interest calculation.
vi) Calculate the MD of each item/category of RSA/RSL as weighted average MD of each time band for that item.
vii) Calculate the weighted average MD of all RSA (MDA) and RSL (MDL) to arrive at Modified Duration Gap (MDG).

(b) Quantitative Disclosures

The impact on earnings and economic value of equity for notional interest rate shocks as on 30.09.2013.

Earnings at Risk

Change in interest rate	Change in NII (Rs. in Crores)
± 25 bps	**4.75**
± 50 bps	**9.49**
± 75 bps	**14.24**
± 100 bps	**18.99**

The Bank is computing market value of equity based on Duration Gap Analysis.

For a 200 bps rate shock, the drop in equity value as on 30.09.2013	**3.93%**

Table DF -10 : General Disclosure for Exposure Related to Counterparty Credit Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending Bank faces the risk of loss, CCR creates a bilateral risk of loss: the market value of the transaction can be positive or negative to either counterparty to the transaction. The market value is uncertain and can vary over time with the movement of underlying market factors.

RBI wide circular number DBOD.No.BP.BC.88/21.06.201/2012-13 dated March 28, 2013 on ‘Guidelines on Implementation of Basel III Capital Regulations in India – Clarifications’, in terms of requirements for CVA risk capital charges would become effective as on January 1,2014. Hence capital charge for counterparty credit risk is not computed for the current quarter.

Table DF-11 : Composition of Capital				
Part II : Template to be used before 31 March, 2017 (i.e., during the transition period of Basel III regulatory requirements)				
Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			Amounts subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves (Rs.in million)				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	7,538.61		

2	Retained earnings	1,598.83		
3	Accumulated other comprehensive income (and other reserves)	188. 24		
4	Directly issued capital subject to phase out fromCET1 (only applicable to non-joint stock CET1 (only applicable to non-joint stock companies)	0		
	Public sector capital injections grandfathered until January 1, 2018	0		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0		
6	**Common Equity Tier 1 capital before regulatory adjustments**	**9,325.6 8**		
Common Equity Tier 1 capital: regulatory adjustments				
7	Prudential valuation adjustments	-		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability) - (accumulated loss-Rs.1188.80 mio; QIP issue expenses-Rs.61.11 mio & other intangible assets-Rs.409.36 mio)	1659.27		
10	Deferred tax assets	390.94		
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- in 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)	NA		

21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	NA		
22	Amount exceeding the 15% threshold	NA		
23	of which: significant investments in the common stock of financial entities	NA		
24	of which: mortgage servicing rights	NA		
25	of which: deferred tax assets arising from temporary differences	NA		
26	National specific regulatory adjustments (26a+26b+26c+26d)	76.6		
26a	*of which:* Investments in the equity capital of the 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	76.6		
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-basel treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	2126.81		
28	**Total regulatory adjustments to Common equity Tier 1**	2126.80		
29	**Common Equity Tier 1 capital (CET1)**	7,198.88		
Additional Tier 1 capital: instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (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 instruments				
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	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the Bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: Deferred Tax Assets (not associated with accumulated losses) net of Deferred Tax Liabilities	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
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)	-		
44a	Additional Tier 1 capital reckoned for capital adequacy			
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	7,198.88		

Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	547.50		
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	414.68		
51	Tier 2 capital before regulatory adjustments	962.18		
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 56a	National specific regulatory adjustments (56a+56b) *of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	- -		
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the Bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT	-		
57	Total regulatory adjustments to Tier 2 capital	-		
58	**Tier 2 capital (T2)**	962.18		
58a	**Tier 2 capital reckoned for capital adequacy**	962.17		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	0		

58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	962.17		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	8,161.05		
	Risk Weighted Assets in respect of Amounts subject to Pre-Basel III Treatment	-		
	of which:	-		
	of which: …	-		
60	**Total risk weighted assets (60a + 60b + 60c)**	78057.61		
60a	*of which: total credit risk weighted assets*	67116.55		
60b	*of which: total market risk weighted assets*	4335.56		
60c	*of which: total operational risk weighted assets*	6605.50		
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.23%		
62	Tier 1 (as a percentage of risk weighted assets)	9.23%		
63	Total capital (as a percentage of risk weighted assets)	10.46%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	NA		
65	of which: capital conservation buffer requirement	NA		
66	of which: Bank specific countercyclical buffer requirement	NA		
67	of which: G-SIB buffer requirement	NA		
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)	4.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	6.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		

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)	-		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings- based approach (prior to application of cap)	-		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		
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	-		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
82	Current cap on AT1 instruments subject to phase out arrangements	-		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on T2 instruments subject to phase out arrangements	-		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

Notes to Template

Row No. of	Particulars	(Rs. in mio)
10	Deferred tax assets associated with accumulated losses	270.67
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred Tax Liability	120.26
	Total as indicated in row 10	390.93
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	341.84
	Eligible Revaluation Reserves included in Tier 2 capital	72.83
	Total of row 50	414.67
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)	-

DF-12 : Composition of Capital - Reconciliation Requirements

Step 1		**As on reporting date (Rs.in million)**	**As on reporting date**
A	**Capital & Liabilities**		
i.	Paid-up Capital	1,060.60	
	Reserves & Surplus	7,315.30	
	Minority Interest	-	
	Total Capital	8,375.90	
ii	Deposits	119,066.49	
	of which: Deposits from Banks	8,371.37	
	of which: Customer deposits	110,695.12	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	7,774.55	
	of which: From RBI	888.08	
	of which: From Banks	-	
	of which: From other institutions & agencies	2,409.97	
	of which: Others - book credit balances in foreign currency minor accounts	1,354.50	
	Of which: Tier 2 Capital instruments	3,122.00	
iv.	Other liabilities & provisions	2,186.84	
	Total	**137,403.77**	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	6,143.39	
	Balance with Banks and money at call and short notice	3,171.37	

ii	Investments:	43,607.26	
	of which: Government securities	39,170.55	
	of which: Other approved securities	-	
	of which: Shares	40.58	
	of which: Debentures & Bonds	782.40	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (CBLO lent-Rs.60 crores; PTC-Rs.18.54 crores, RIDF-Rs.282.85)	3,613.72	
iii	Loans and advances	78,951.97	
	of which: Loans and advances to Banks	61.20	
	of which: Loans and advances to customers	78,890.77	
iv	Fixed assets	1,367.87	
v	Other assets	4,161.91	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	390.94	
vi	Good will on consolidation	-	
vii	Debit balance in Profit & Loss account		
	Total Assets	**137,403.77**	

Step 2		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**	**Ref No.**
		As on reporting date	**As on repor-ting date**	
A	**Capital & Liabilities**			
I	**Paid-up Capital**	**1,060.60**		**(a)**
	of which : Amount eligible for CET1	1,060.60		**(a) (i)**
	of which : Amount eligible for AT1	-		
	Reserves & Surplus	**7,315.30**		**(b)**
	of which : Amount eligible for CET1	7,076.27		**(b) (i)**
	Statutory Reserve	772.61		**(b)(ii)**
	Share Premium	6,478.01		**(b) (iii)**
	General Reserve	826.20		**(b)(iv)**

	Capital Reserve (excluding Revaluation Reserves)	188.24		**(b)(v)**
	Special reserve under Section 36(i) (viii)	59.86		**(b)(vi)**
	Balance in P/L a/c at the end of the previous FY	(1,188.80)		**(b)(vii)**
	Current Financial Year Profit (Not eligible)	-		-
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	72.83		**(b)(ix)**
	Minority Interest	-		
	Total Capital	**8,375.90**		**(a)+(b)**
ii	Deposits	119,066.49		**(c)**
	of which: Deposits from Banks	8,371.37		**(c)(i)**
	of which: Customer deposits	110,695.12		**(c)(ii)**
	of which: Other deposits (pl. specify)	-		
iii	Borrowings	7,774.55		**(d)**
	of which: From RBI	888.08		**(d)(i)**
	of which: From Banks	0		**(d)(ii)**
	of which: From other institutions &	2,409.97		**(d)(iii)**
	of which: Others (Book Credit balances in foreign currency accounts)	1,354.50		**(d)(iv)**
	of which: Capital instruments -Tier 2	3,122.00		**(d)(v)**
iv.	Other liabilities & provisions	2,186.84		**(e)**
	of which: Standard Asset provision included under Tier 2 Capital	282.00		**(e)(i)**
	of which : DTLs related to goodwill	0		
	of which : Details related to intangible	0		
	Total assets	**137,403.77**		**(a)+(b)+(c) +(d)+(e)**
B	**Assets**			
i	Cash and balances with Reserve Bank of India	6,143.39		**(f)**

	Balance with Banks and money at call	3,171.37		**(g)**
ii	Investments:	43,607.26		**(h)**
	of which: Government securities	39,170.55		**(h)(i)**
	of which: Other approved securities	-		**-**
	of which: Shares	40.58		**(h)(ii)**
	of which: Debentures & Bonds	782.40		**(h)(iii)**
	of which: Subsidiaries / Joint Ventures /	-		**-**
	of which: Others ((CBLO lent-Rs.60 crores; PTC-Rs.18.54 crores, RIDF-Rs.282.85)	3,613.72		**(h)(iv)**
iii	Loans and advances	78,951.97		**(i)**
	of which: Loans and advances to Banks	61.20		**(i)(i)**
	of which: Loans and advances to Customers	78,890.77		**(i)(ii)**
iv	Fixed assets	1,367.87		**(j)**
v	Other assets	4,161.91		**(k)**
	of which: Goodwill and intangible assets			**-**
	Out of which : Goodwill	-		
	Other Intangibles (excluding MSRs)	-		**-**
	Deferred tax assets	390.93		**(k)(i)**
vi	Good will on consolidation	-		
vii	Debit balance in P& L account			
	Total Assets	137,403.77		**(f)+(g)+(h)+(i)+(j)+(k)**
(Explanatory notes for Item No. (b) (vii): Debit balance in Profit & Loss account have been deducted from Reserves and Surplus reported under Capital & Liabilities in the Balance sheet				

Step 3 : Extract of Basel III common disclosure template (with added column)- Table DF-11 (Part II)

Common Equity Tier 1 Capital : Instruments and reserves			
		Component of regulatory capital reported by Bank	**Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation from Step 2**

1	Directly issued qualifying common share (and equivalent for non-jont stok companies) capital plus related stock surplus	7,538.61	**(a)+ (b) (iii)**
2	Retained earnings	1,598.81	**(b)(ii)+ (b) (iv)**
3	Accumulated other comprehensive income (and other reserves)	188.24	**(b) (v)**
4	Directly issued capital subject to phase out from CET-1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CER 1)	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	9,325.66	**(a)+ (b)(ii)+ (b)(iii)+ (b) (iv) + (b)(v)**
7	Prudential valuation adjustments		-
8	Goodwill (net of related tax liability)		-

Table DF -13: Main Features of Regulatory Capital Instruments

Item	Particular	Equity Shares	Upper Tier II Series I
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	680A01011	INE680A09022
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo

7	Instrument type	Common Shares	Upper Tier 2 Capital Instruments
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	1060.60	247.50
9	Par value of instrument	Shares of Rs.10/ each	Rs.1 million
10	Accounting classification	Shareholder's Equity	Liability
11	Original date of issuance	Various	28.07.2010
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	No maturity	30.07.2025
14	Issuer call subject to prior supervisory approval	No	Yes, Exercise of Call Option is subject to prior approval of RBI (Dept. of Banking Operations & Development)
15	Optional call date, contingent call dates and redemption amount	NA	Bank can exercise Call Option to redeem the Bonds at par at the end of 10th Year from the Deemed Date of Allotment, subject to prior approval from RBI. Optional Call Date is 30.07.2020 and redemption amount is in full.
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	10%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	Yes
22	Noncumulative or cumulative	Non cumulative	Cumulative
23	Convertible or non-convertible	Non convertible	Non Convertible
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)	Subordinated claim in case of liquidation	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	Yes
37	If yes, specify non-compliant features	NA	does not have Point of Non Viability Trigger

Table DF -13: Main Features of Regulatory Capital Instruments

Item	Particular	Lower Tier II Series VII	Lower Tier II Series VIII	Lower Tier II Series IX
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE680A08040	INE680A09014	INE680A08057
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment			
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	0	300.00	0
9	Par value of instrument	Rs.1 million	Rs.1 million	Rs.1 million
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	30.09.2006	30.09.2009	20.01.2012
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	29.12.2013	30.04.2015	20.07.2018
14	Issuer call subject to prior supervisory approval	No Call Option	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA

16	Subsequent call dates, if applicable Coupons / dividends	NA	NA	NA
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	9.70%	10.30%	11%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	Yes	Yes	No
37	If yes, specify non-compliant features	Tenor less than 10 years; does not have Point of Non Viability Trigger	Tenor less than 10 years; does not have Point of Non Viability Trigger	NA

Table DF -13: Main Features of Regulatory Capital Instruments

Item	Particular	Lower Tier II	Lower Tier II	Lower Tier II

		Series X-A	Series X-B	Series XI-A
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE680A09030	INE680A09048	INE680A09055
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment			
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	0	0	0
9	Par value of instrument	Rs.1 million	Rs.1 million	Rs.1 million
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	29.05.2012	29.05.2012	03.08.2012
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	29.04.2018	29.05.2019	03.05.2018
14	Issuer call subject to prior supervisory approval	No Call Option	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA	NA
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	11.90%	11.95%	11.90%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative

23	Convertible or non-convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA

Table DF -13: Main Features of Regulatory Capital Instruments

Item	Particular	Lower Tier II Series XI-B	Lower Tier II Series XIII-B	Lower Tier II Series XIV-A
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE680A09063	INE680A08065	INE680A08073
3	Governing law(s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment			
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2

5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	0	0	0
9	Par value of instrument	Rs.1 million	Rs.1 million	Rs.1 million
10	Accounting classification	Liability	Liability	Liability
11	Original date of issuance	03.08.2012	10.12.2012	24.01.2013
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	03.08.2019	10.12.2019	24.10.2018
14	Issuer call subject to prior supervisory approval	No Call Option	No Call Option	No Call Option
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA	NA
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	11.95%	11.95%	11.90%
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA

33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA

Table DF-14: Full Terms and Conditions of Regulatory Capital Instruments

Sl.No.	*Instru-ments*	*Full Terms and Conditions*	
1	Series VII	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Non Cumulative Subordinated Lower Tier-II Bonds
		Amount Subscribed	Rs.170 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	30.09.2006
		Date of Redemption	29.12.2013
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	9.70%, Semi Annual
		Listing	NSE
2	Series VIII	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of promissory notes.
		Amount Subscribed	Rs.1500 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	30.09.2009
		Date of Redemption	30.04.2015
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	10.3%,Annual
		Listing	NSE

3	Upper Tier II-Series 1	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Upper Tier-II Bonds in the nature of Debentures
		Amount Subscribed	Rs.275 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	28.07.2010
		Date of Redemption	30.07.2025
		Put and Call option (if yes, give details)	Only Call Option. Call option may be exercised by the Bank only if the instrument has run for at least ten years. Call Option shall be exercised by the Bank only with the prior approval of RBI (Department of Banking Operations & Development). In effect, the Bank reserves Call Option to redeem the Bonds at par at the end of 10th Year from the Deemed Date of Allotment (subject to prior approval from RBI)
		Coupon rate and Frequency	10%, annual
		Listing	NSE
4	Series IX	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	Rs.100 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	20.01.2012
		Date of Redemption	20.07.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11%,Annual
		Listing	NSE
5	Series X A	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	Rs. 545 million
		Face value of the Bond	Rs.10 lakhs
		Date of Allotment	29.05.2012
		Date of Redemption	29.04.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.9%,Semi annual
		Listing	NSE
6	Series X B	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the

			nature of Debentures
		Amount Subscribed	Rs.142 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	29.05.2012
		Date of Redemption	29.04.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.95%,Semi annual
		Listing	NSE
7	Series XI A	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	Rs.293 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	03.08.2012
		Date of Redemption	03.05.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.90%,Semi annual
		Listing	NSE
8	Series XI B	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	Rs. 37 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	03.08.2012
		Date of Redemption	03.08.2019
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.95%,Semi annual
		Listing	NSE
9	Series XIII B	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	Rs.50 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	10.12.2012
		Date of Redemption	10.12.2019
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.95%,Semi annual
		Listing	NSE

10	Series XIV A	Nature of Instrument	Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures
		Amount Subscribed	Rs.10 million
		Face value of the Bond	Rs.1 million
		Date of Allotment	24.01.2013
		Date of Redemption	24.10.2018
		Put and Call option (if yes, give details)	Not Applicable
		Coupon rate and Frequency	11.90%,Semi annual
		Listing	NSE