

**Requirements as per RBI's Master Circular – Basel III Capital Regulations” and applicability on the Bank**

Table	Disclosure	Applicable/Not Applicable
DF-1	Scope of Application	Not applicable
DF-2	Capital Adequacy	Applicable
DF-3	Credit Risk: General Disclosures for All Banks	Applicable
DF-4	Credit Risk: Disclosures for Portfolios subject to the Standardized Approach	Applicable
DF-5	Credit Risk Mitigation: Disclosures for Standardized Approach	Not applicable
DF-6	Securitization: Disclosure for Standardized Approach	Not Applicable
DF-7	Market Risk in Trading Book	Applicable
DF-8	Operational Risk	Applicable
DF-9	Interest Rate Risk in the Banking Book (IRRBB)	Applicable
DF-10	General Disclosure for Exposures Related to Counterparty Credit Risk	Not Applicable
DF-11	Composition of Capital	Applicable
DF-12	Composition of Capital – Reconciliation Requirements	Applicable
DF-13	Main Features of Regulatory Capital Instruments	Applicable
DF-14	Full Terms and Conditions of Regulatory Capital Instruments	Applicable
DF-15	Disclosure Requirements for Remuneration	Applicable
DF-16	Equities – Disclosure for Banking Book Positions	Not Applicable
DF-17	Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure Measure	Applicable
DF-18	Leverage Ratio Common Disclosure Template	Applicable

**Table DF-2  
Capital Adequacy**

**Qualitative disclosures**

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities:

1. Payment Banks are subject to Credit Risk under Basel II Standardized Approach per Operating Guidelines issued by RBI for Payments Banks on 6<sup>th</sup> October, 2016.
2. RBI in a separate letter dated 8<sup>th</sup> November, 2017 had advised Payments Banks that no separate capital charge is being prescribed for Market Risk and Operational Risk for the time being. The Reserve Bank will review the position on a future date.
3. However, as a conservative approach, bank provides Market Risk Capital (MRC) Charge on whole investment portfolio as on September 30,2022 consist of investments in T-bills (bank maintains DDB in the form of investments in T-bills) under Available for Sale (AFS) category. Investments in State Development Loans (SDL) & Government Securities (G-sec) are made out of own funds and categorised under Held Till Maturity (HTM).
4. The Banks' capital management framework includes an Internal Capital Adequacy Assessment Process (ICAAP).

**Quantitative disclosures**

(b) Capital requirements

	Particulars	Amount (Rs. mio)
<b>A</b>	<b>Capital Requirement for Credit Risk</b>	733.19
A.1	Portfolios subject to Standardized approach (Risk Weighted Assets)	4,887.94
A.2	Securitization exposures	NIL
<b>B</b>	<b>Capital requirements for Market Risk</b>	72.47
<b>C</b>	<b>Capital requirements for Operational Risk</b>	Not applicable
<b>D</b>	<b>Total Capital requirement (A+B+C)</b>	805.66
<b>E</b>	<b>Total Risk Weighted Assets</b>	4,887.94
<b>F</b>	<b>Total Capital funds of Bank</b>	4,985.80

Total and Tier I Capital Ratio Particulars	Sep-22
Tier - I Ratio	95.67%
<b>Total Capital Adequacy Ratio</b>	<b>100.51%</b>

## 2. Risk exposure and assessment

The Bank has set up a Risk Framework Structure headed by the Chief Risk Officer overseeing the activities of Risk Management Function viz. Liquidity Risk Management, Market Risk Management and Operational Risk Management. The Board exercises oversight over Risk Management through the Risk and Asset Liability Management Committee of the Board (RALMC).

ALM team and Mid-Office constitute part of the Risk Management headed by the Chief Risk Officer. Market risk Mid-Office (MO) unit is independent of Treasury Front-Office (FO) and Back-Office (BO) to ensure that risks related to treasury operations are monitored independently.

The Risk Management structure within the Bank is as follows.

- Board of Directors;
- Risk & Asset Liability Management Committee of the Board (RALMCB);
- Investment & Market Risk Management Committee (IMRC);
- Asset Liability Management Committee (ALCO);
- Market Risk Unit/Mid Office; and
- Chief Risk Officer (CRO).

### 2.1 General qualitative disclosure requirement

#### Credit risk

- Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or his ability to perform such obligation is impaired resulting in economic loss to the bank.
- Currently, the Bank is exposed to Credit Risk through its Investment activities. These investments also include investments in fixed deposits of scheduled commercial banks besides maintaining balances in current accounts with scheduled commercial banks.
- Demand Deposit Balances (DDB) portion maintained in the form of FDs are subject to RBI's Operating Guidelines issued on 6<sup>th</sup> October, 2016 meant for Payment Banks. As per RBI clarification dated November 15, 2016 the exposure in regard to investments in deposits of scheduled commercial banks shall not be more than 5% of the total outside liabilities of PB and investments in other scheduled commercial banks, made out of the payment bank's own funds, shall not be covered under the said exposure limits. Bank adheres to the limit.
- As per RBI letter dated January 24, 2020, para 5.1 of circular on Large Exposure Framework (LEF) dated December 01, 2016 is not applicable to Fino Payments Bank.

**Table DF-3:  
Credit Risk: General Disclosures for All Banks**

#### **Qualitative Disclosures**

- (a) The general qualitative disclosure requirement with respect to credit risk, including:
- Definitions of past due and impaired (for accounting purposes) –Not Applicable
  - Discussion of the bank's credit risk management policy –Not Applicable

#### Credit risk

- Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or his ability to perform such obligation is impaired resulting in economic loss to the bank.
- Currently, the Bank is exposed to Credit Risk through its Investment activities. These investments also include investments in fixed deposits of scheduled commercial banks besides maintaining balances in current accounts with scheduled commercial banks.
- Demand Deposit Balances (DDB) portion maintained in the form of FDs are subject to RBI's Operating Guidelines dated 6<sup>th</sup> October, 2016 meant for Payment Banks. As per guidelines, the exposure in regard to investments in deposits of a scheduled commercial banks shall not be more than 5% of the total outside liabilities of PB. However, investments in other scheduled commercial banks, made out of the payment bank's own funds, are not covered under the said exposure limit. Bank adheres to the limit.

**Quantitative Disclosures**

a. Total gross credit risk exposure – Fund Based stands at Rs.17,608.80 mn, comprising as follows:

Particulars	Amt. in Rs.Mio
Investments in T-bills	12,192.84
Investments in SDL	257.46
Investments in G-sec	251.10
Money at Call and Short Notice, Term Deposits and other placements	4,897.85
Loan to Employees - Short Term	1.38
<b>Total</b>	<b>17,600.63</b>

b. Residual contractual maturity breakdown of assets (Advances, Investments & Fixed Deposits)

Particulars	Rs. In Mio			
	Advances	Investments	Fixed Deposits	Foreign Currency Assets
1 day	-	10,718.20	40.83	-
2 to 7 days	-	-	107.02	-
8 to 14 days	-	-	24.09	-
15 to 30 Days	-	1,922.13	53.64	-
31 Days to 2 months	-	39.18	1,296.20	-
Over 2 months to 3 months	-	2.33	1,618.95	-
Over 3 months to 6 months	-	-	716.56	-
Over 6 months to 1 year	1.38	18.88	739.20	-
Over 1 year to 3 years	-	0.67	241.66	-
Over 3 years to 5 years	-	-	59.70	-
Over 5 years	-	-	-	-
<b>Total</b>	<b>1.38</b>	<b>12,701.40</b>	<b>4,897.85</b>	<b>-</b>

**Table DF-4**  
**Credit Risk: Disclosures for Portfolios subject to the Standardized Approach**

**Qualitative Disclosures**

(a) For portfolios under the standardized approach:

Payments Banks (PB) as per Operating Guidelines are required to assess credit risk as per BASEL II Standardized Approach. Accordingly, the Bank has measured the capital requirements for credit risk. To measure credit risk, different risk weights for different asset classes are applied by the Bank, as defined in BASEL II (NCAF) framework. At present there is NIL credit exposure on account of loan portfolio as PBs are not permitted to lend to any person including their directors. However, PBs may lend to their own employees out of the bank's own funds, as per a Board approved policy outlining the caps on such loans.

(b) Following are the Risk Weights prescribed by RBI which is used at present to arrive at Risk Weighted Assets (RWA):

Asset item	Risk Weight (%)
Claims on Banks and notified PFIs	20.00
Interest bearing staff loans & advances not covered by superannuation benefits / mortgage of flat / house	100.00
OA - (Int. Accd.) - All others	100.00
OA - (Res. OA) - Residuary other assets - 100% risk weight	100.00
Fixed assets (net)	100.00

**Quantitative Disclosures**

Particulars	Amount (Rs. in mio)
i) Below 100% risk weight exposure outstanding	1,208.38
ii) 100% risk weight exposure outstanding	3,679.56
iii) More than 100% risk weight exposure outstanding	NIL
iv) Deduction	NIL
<b>Total</b>	<b>4,887.94</b>

**Table DF-5  
Credit Risk Mitigation: Disclosures for Standardised Approaches**

<b>Qualitative Disclosures</b>	General Disclosure on credit risk mitigation – Nil
<b>Quantitative Disclosures</b>	Not applicable

**Table DF- 6  
Securitization: Disclosure for standardized approach**

<b>Qualitative Disclosures</b>	The Bank has not undertaken any securitization activity
<b>Quantitative Disclosures</b>	Total amount of exposures securitised – Not applicable

**Table DF-7  
Market Risk in Trading Book**

<b>Qualitative Disclosures</b>	<p>Market risk is the possibility of loss caused by changes in the market variables. The Bank for International Settlements (BIS) defines market risk as “the risk that the value of ‘on’ or ‘off’ balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices”</p> <p>Following risks are managed under Market Risk</p> <ul style="list-style-type: none"> <li>• Interest Rate Risk</li> <li>• Exchange Rate Risk</li> <li>• Equity Price Risk</li> </ul> <p>Bank do not have exposure to equity price risk and commodity risk. However, bank has exposure to exchange rate risk.</p> <p>Market Risk Management (MRM) Framework of the bank is as follows:</p> <ul style="list-style-type: none"> <li>• Market risk management is governed by comprehensive board approved market risk management policy</li> <li>• The policies align with RBI regulations and operating guidelines governing payment banks</li> <li>• The risk reporting mechanism in the Bank comprises disclosures and reporting to the various management committees</li> </ul> <p>The Bank holds Investments under AFS category for maintenance of DDB (Demand deposit balances) in :</p> <ol style="list-style-type: none"> <li>a. Government securities/Treasury Bills with maturity up to one year that are recognized by RBI as eligible securities for maintenance of Statutory Liquidity Ratio (SLR) also; and</li> <li>b. Demand and time deposits with other scheduled commercial</li> </ol>
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	<p>banks.</p> <p>RBI vide its letter No.DBR.NBD.No.4503/16.13.218/2017-18 dated November 8, 2017 has exempted Payment Banks to maintain separate capital charge for Market Risk.</p> <p>However, as a conservative approach, bank provides Market Risk Capital (MRC) Charge on whole investment portfolio as on September 30, 2022 consist of investments in T-bills (bank maintains DDB in the form of investments in T-bills) under Available for Sale (AFS) category. Investments in State Development Loans (SDL) &amp; Government Securities (G-sec) are done out of own funds and categorised under Held Till Maturity (HTM).</p>										
<b>Quantitative Disclosures</b>	<p>Capital Charge on Market Risk as on 30 th September,2022 is as under: (as per Standardized Duration Approach)</p> <p style="text-align: right;"><b>(Rs. In mio)</b></p> <table border="1"> <thead> <tr> <th><b>Risk Category</b></th> <th><b>Minimum Capital requirement</b></th> </tr> </thead> <tbody> <tr> <td>Interest Rate Risk</td> <td>68.27</td> </tr> <tr> <td>Foreign Exchange Risk (including gold)</td> <td>4.19</td> </tr> <tr> <td>Equity Position Risk</td> <td>NIL</td> </tr> <tr> <td><b>Total Market Risk Capital Charge</b></td> <td><b>72.47</b></td> </tr> </tbody> </table>	<b>Risk Category</b>	<b>Minimum Capital requirement</b>	Interest Rate Risk	68.27	Foreign Exchange Risk (including gold)	4.19	Equity Position Risk	NIL	<b>Total Market Risk Capital Charge</b>	<b>72.47</b>
<b>Risk Category</b>	<b>Minimum Capital requirement</b>										
Interest Rate Risk	68.27										
Foreign Exchange Risk (including gold)	4.19										
Equity Position Risk	NIL										
<b>Total Market Risk Capital Charge</b>	<b>72.47</b>										

**Table DF 8  
Operational Risk**

#### General Qualitative Disclosures

As per Operating Guidelines meant for Payment Banks, the Bank is required to implement the operational risk management requirements, issued by RBI for scheduled commercial banks for operational risk, including collection of operational loss data.

The Bank is exposed to significant operational risk (for instance, risks arising due to use of technology, introduction of new products/services, processes, channels like mobile, internet banking, cash handling, etc.). Bank's Operational Risk Management and Business Environment and Internal Control Factors (BEICF) policies supported with Manuals provide guidance on operational risk management issues and serves as a one-point reference and creates awareness among all employees within the Bank. The policies set out the broad parameters for identification of various operational risks that the Bank is exposed to, on an on-going basis and also to put in place systems and procedures to mitigate such risks.

Bank defines an operational risk event as an incident / experience that has caused or has the potential to cause material loss either directly or indirectly with other events.

Bank collates and analyses all loss events by carrying out root-cause analysis and places before the Operational Risk Management Committee and the Fraud Risk Management Committee, as the case may be.

#### Bank's Risk Management Framework

The Bank's risk management framework includes three Lines of Defence (a) Business line management; (b) An independent corporate Operational Risk management function, and (c) An independent review and challenge by audit. The ORMC and the Board ensures that three lines of defence approach is implemented throughout the Bank & operated in an appropriate/ acceptable manner.

Operational Risk Management Governance Structure

- a. In accordance with the Bank’s operational risk management framework, the Board of Directors of the Bank define the risk management strategies and approve the operational risk policies of the Bank.
- b. The Bank’s risk management processes are guided by well-defined policies and processes commensurate with size of the organization and appropriate for various risk categories, independent risk oversight and periodic monitoring thereof by the Risk Team.
- c. For the effective management of Operational Risk, the Bank has constituted Operational Risk Management Committee (ORMC), an Executive Committee that supports the Board. The main functions of the ORMC are to monitor and ensure appropriateness of operational risk management and recommend suitable control measures for mitigating the same besides monitoring thereof.
- d. Bank collects, collates and analyzes the Internal Loss Data (ILD) as per RBI defined loss data collection standards (8 Business Lines x 7 Loss Event Types – 8x7 matrix) with a view to understand ‘what went wrong’, which control(s) broke down/were non-existent and which measures should have been taken to avoid recurrence, by identifying control weaknesses and initiating root-cause analysis.
- e. Bank maps its insurance coverage to the exposures in operational risk profile and ensures that it is appropriate to the legal and regulatory requirements.
- f. The Bank has built into its defined operational process with principles of segregation of duties, defined reporting structures, operating manuals with audit trails to control and mitigate operational risks in its day to day activities.
- g. The Bank, in line with regulatory guidelines, has developed a framework for KRIs, that acts as a guidance for Business and Support Groups to identify, fix threshold, carry out analysis and put in place monitoring mechanism for the identified KRIs for eventual monitoring.
- h. The Bank also outsources certain functions / activities to third-parties, subject to compliance with RBI guidelines. These functions/activities and associated issues are being overseen by the Outsourcing Committee, an executive level committee.
- i. The handling/safe-keeping/incoming and outgoing movement of cash from merchants / within our business / partner banks, accounting, monitoring, verification process is well-documented in the form of Cash Management Policy and Processes/Manuals. Exceptions, if any, are monitored regularly and placed before the Operational Risk Management Committee. Cash maintenance and movement within the Bank is also subject to approved insurance policies which are being invoked in case of loss.

The Approach for Operational Risk Capital Assessment

RBI in a separate letter dated 8<sup>th</sup> November, 2017 advised Payments Banks that no separate capital charge is being prescribed for market risk and operational risk for the time being.

Quantitative Disclosures

Capital requirement for Operational Risk as on 30th September, 2022 – NIL

**Table DF-9  
Interest Rate Risk in the Banking Book (IRRBB)**

<b>Qualitative Disclosures</b>	<p>Interest rate risk in the banking book (IRRBB) refers to the current or prospective risk to the bank’s capital and earnings arising from adverse movements in interest rates that affect the bank.</p> <p>When interest rates change, the present value and timing of future cash flows change. This in turn changes the underlying value of a bank’s assets, liabilities and off-balance sheet items and hence its economic value. Changes in interest rates also affect a bank’s earnings by altering interest rate-sensitive income and expenses, affecting its Net Interest Income (NII)</p> <p>The interest rate risk is measured and monitored through two approaches:</p> <p><b>(i) Earning at Risk (Traditional Gap Analysis):</b> The immediate</p>
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	<p>impact of the changes in the interest rates on net interest income of the bank is analysed under this approach.</p> <p>(ii) <b>Economic Value of Equity (Duration Gap Analysis):</b> Modified duration of assets and liabilities is computed separately to finally arrive at the modified duration of equity. This approach assumes parallel shift in the yield curve for a given change in the yield. Impact on the Economic Value of Equity is also analysed for a 200 bps rate shock as required by RBI. Market linked yields for respective maturities are used in the calculation of the Modified Duration.</p>														
<b>Quantitative Disclosures</b>	<p>The increase (decline) in economic value for change in interest rate shocks are as under:</p> <p>(i) <b>Economic Value:</b> The following table sets forth the impact on economic value of equity of changes in interest rates on interest sensitive positions as on 30<sup>th</sup> September 2022</p> <p style="text-align: right;">(Rs. In mio)</p> <table border="1"> <tr> <td><b>Equity</b></td> <td>5,081.56</td> </tr> <tr> <td><b>RSA</b></td> <td>17,600.64</td> </tr> <tr> <td><b>RSL</b></td> <td>13,751.73</td> </tr> <tr> <td>Impact of 200 bps change in interest rates i.e. <math>\Delta i=2\%</math> on Market Value of Equity</td> <td>-0.51%</td> </tr> </table> <p><b>RSA : Rate sensitive Asset , RSL : Rate sensitive liability</b></p> <p style="text-align: right;">(Rs. In mio)</p> <table border="1"> <thead> <tr> <th>Currency</th> <th>Change in Market Value of Equity due to 200 basis point upward movement in interest rate.</th> </tr> </thead> <tbody> <tr> <td><b>INR</b></td> <td>-25.87</td> </tr> <tr> <td><b>Others</b></td> <td>NIL</td> </tr> </tbody> </table>	<b>Equity</b>	5,081.56	<b>RSA</b>	17,600.64	<b>RSL</b>	13,751.73	Impact of 200 bps change in interest rates i.e. $\Delta i=2\%$ on Market Value of Equity	-0.51%	Currency	Change in Market Value of Equity due to 200 basis point upward movement in interest rate.	<b>INR</b>	-25.87	<b>Others</b>	NIL
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<b>INR</b>	-25.87														
<b>Others</b>	NIL														

**Table DF-10**  
**General Disclosure for Exposures Related to Counterparty Credit Risk**

<b>Qualitative Disclosures</b>	<p>Counterparty Credit Risk is the risk that the counterparty to derivative transaction can default before the final settlement of the transaction's cash flow.</p> <p>The Bank has not entered into any derivative transaction</p>
<b>Quantitative Disclosures</b>	

Table DF-11: Composition of Capital

(Rs. in Million)

As at September 30, 2022			
Common Equity Tier 1 capital: instruments and reserves			Ref No
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	7,324.09	A1+B2
2	Retained earnings	(2,716.76)	B3
3	Accumulated other comprehensive income (and other reserves)	234.11	B1+C
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	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	4,841.44	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	95.76	
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	<i>of which: significant investments in the common stock of financial entities</i>	-	
24	<i>of which: mortgage servicing rights</i>	-	
25	<i>of which: deferred tax assets arising from temporary differences</i>	-	



26	National specific regulatory adjustments <sup>7</sup> (26a+26b+26c+26d)	-	
26a	<i>of which:</i> Investments in the equity capital of unconsolidated insurance subsidiaries	-	
26b	<i>of which:</i> Investments in the equity capital of unconsolidated non-financial subsidiaries	-	
26c	<i>of which:</i> Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank <sup>9</sup>	-	
26d	<i>of which:</i> 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	<b>Total regulatory adjustments to Common equity Tier 1</b>	95.76	
29	<b>Common Equity Tier 1 capital (CET1)</b>	4,745.68	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-	
31	<i>of which:</i> classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	<i>of which:</i> classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	<i>Directly issued capital instruments subject to phase out from Additional Tier1</i>	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in groupAT1)	-	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	-	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
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) <sup>10</sup>	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	<i>of which:</i> Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	<i>of which:</i> 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	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	
44	<b>Additional Tier 1 capital (AT1)</b>	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44)</b>	4,745.68	
<b>Tier 2 capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	-	
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
50	Provisions	240.12	B4
51	<b>Tier 2 capital before regulatory adjustments</b>	240.12	
<b>Tier 2 capital: regulatory adjustments</b>			
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 <sup>12</sup> 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	<i>of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries</i>	-	
56b	<i>of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank</i>	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	-	
58	<b>Tier 2 capital (T2)</b>	240.12	
59	<b>Total capital (TC = T1 + T2) (45 + 58)</b>	4,985.80	
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	4,960.40	
60a	<i>of which: total credit risk weighted assets</i>	4,887.94	
60b	<i>of which: total market risk weighted assets</i>	72.47	
60c	<i>of which: total operational risk weighted assets</i>	Nil	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	95.67%	
62	Tier 1 (as a percentage of risk weighted assets)	95.67%	
63	Total capital (as a percentage of risk weighted assets)	100.51%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	-	
65	<i>of which: capital conservation buffer requirement</i>	-	
66	<i>of which: bank specific countercyclical buffer requirement</i>	-	
67	<i>of which: G-SIB buffer requirement</i>	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-	
<b>National minima (if different from Basel III)</b>			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	
71	National total capital minimum ratio (if different from Basel III minimum)	-	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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)	-	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
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)	NA	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
<b>Capital instruments subject to phase-out arrangements</b>			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	NA	
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	NA	
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	NA	
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	NA	
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	NA	
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	NA	

**Notes to the Template**

Row No. of the template	Particular	(Rs. in million)
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	-
50	Eligible Provisions included in Tier 2 capital	-
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	-

**Table DF-12:  
Composition of Capital- Reconciliation Requirements  
Step1**

(Rs. in million)

		<b>Balance sheet as in financial statements</b>	<b>Balance sheet under regulatory scope of consolidation</b>
		<b>As on September 30, 2022</b>	<b>As on September 30, 2022</b>
<b>A</b>	<b>Capital &amp; Liabilities</b>		
I	Paid-up Capital	832.14	
	Reserves & Surplus	4,173.75	
	Employee Stock Option Outstanding	76.07	
	Minority Interest	-	
	<b>Total Capital</b>	<b>5,081.56</b>	
ii	Deposits	6,337.31	
	<i>of which:</i> Deposits from banks	-	
	<i>of which:</i> Customer deposits	6,337.31	
	<i>of which:</i> Other deposits (pl. specify)	-	
iii	Borrowings	7,430.36	
	<i>of which:</i> From RBI	-	
	<i>of which:</i> From banks	1,917.28	
	<i>of which:</i> From other institutions & agencies	5,513.08	
	<i>of which:</i> Others (pl. specify)	-	
	<i>of which:</i> Capital instruments	-	

iv	Other liabilities & provisions	4,609.48	
	<b>Total</b>	<b>23,458.71</b>	
<b>B</b>	<b>Assets</b>		
I	Cash and balances with Reserve Bank of India	874.19	
	Balance with banks and money at call and short notice	6,041.88	
ii	Investments:	12,701.40	
	<i>of which:</i> Government securities	12,701.40	
	<i>of which:</i> Other approved securities	-	
	<i>of which:</i> Shares	-	
	<i>of which:</i> Debentures & Bonds	-	
	<i>of which:</i> Subsidiaries / Joint Ventures / Associates	-	
	<i>of which:</i> Others (Commercial Papers, Mutual Funds etc.)	-	
iii	Loans and advances	1.38	
	<i>of which:</i> Loans and advances to banks		
	<i>of which:</i> Loans and advances to employees	1.38	
iv	Fixed assets	1,030.86	
v	Other assets	2,809.00	
	<i>of which:</i> Goodwill and intangible assets	-	
	<i>of which:</i> Deferred tax assets	-	
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account	-	
	<b>Total Assets</b>	<b>23,458.71</b>	

**Step 2**

(Rs. in million)

		Ref N o.	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
			As on September 30, 2022	As on September 30, 2022
<b>A</b>	<b>Capital &amp; Liabilities</b>			
i	Paid-up Capital	A	832.14	
	<i>of which:</i> Amount eligible			
	CET1	A1	832.14	
	<i>of which:</i> Amount eligible for AT1	A2	-	
	Reserves & Surplus	B	4173.35	
	Of which :			
	Statutory Reserve	B1	158.04	
	Securities Premium	B2	6,491.95	
	Balance in Profit & Loss Account	B3	(2,716.76)	
	Investment Fluctuation Reserve	B4	240.12	
	Profit for the quarter	B5	-	
	Employees stock option outstanding	C	76.07	
	Total Capital	A+B+C	5,081.56	
ii	Deposits	E	6,337.31	
	<i>of which:</i> Deposits from banks	E1	-	
	<i>of which:</i> Customer deposits	E2	6,337.31	
	<i>of which:</i> Other deposits	E3	-	
iii	Borrowings	F	7,430.36	
	<i>of which:</i> From RBI	F1	-	
	<i>of which:</i> From banks	F2	1,917.28	
	<i>of which:</i> From other institutions & agencies	F3	5,513.08	
	<i>of which:</i> Others (pl. specify)	F4	-	
	<i>of which:</i> Capital instruments	F5	-	
iv	Other liabilities & provisions	G	4,609.48	
	<i>of which:</i> DTLs related to goodwill	G1	-	
	<i>of which:</i> DTLs related	G2	-	
		<b>Total</b>	<b>23,458.71</b>	
<b>B</b>	<b>Assets</b>			
i	Cash and balances with Reserve Bank of India	H	874.19	
	Balance with banks and money at call and short notice	I	6,041.88	
ii	Investments	J	12,701.40	
	<i>of which:</i> Government securities	J1	12,701.40	
	<i>of which:</i> Other approved securities	J2	-	
	<i>of which:</i> Shares	J3	-	

	<i>of which:</i> Debentures & Bonds	J4	-	
	<i>of which:</i> Subsidiaries / Joint Ventures / Associates	J5	-	
	<i>of which:</i> Others (Commercial Papers, Mutual Funds etc.)	J6	-	
iii	Loans and advances	K	1.38	
	<i>of which:</i> Loans and advances to banks	K1	-	
	<i>of which:</i> Loans and advances to employees	K2	1.38	
iv	Fixed assets	L	1,030.86	
v	Other assets	M	2,809.00	
	<i>of which:</i> Goodwill and intangible assets		-	
	<i>Out of which:</i>			
	Goodwill	M1	-	
	Other intangibles (excluding MSR)	M2	-	
	Deferred tax assets	M3	-	
vi	Goodwill on consolidation	N	-	
vii	Debit balance in Profit & Loss account	O	-	
		<b>Total</b>	<b>23,458.71</b>	

**Table DF-13  
Main Features of Regulatory Capital Instruments – Not Applicable**

**Table DF-14  
Full Terms and Conditions of Regulatory Capital Instruments – Not Applicable**

**Table DF-15  
Disclosure Requirements for Remuneration**

**Qualitative Disclosure**

**A) Information relating to the composition and mandate of the Nomination & Remuneration Committee**

Members of Nomination & Remuneration committee:

1. Mr. Suresh Kumar Jain, Chairman of the Committee and Independent Director
2. Mr. P. S.Ravi, Member and Nominee Director
3. Mr. Rajat Kumar Jain, Member and Independent Director
4. Mr. Prakash Iyer, Member and Independent Director

**B) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy**

The Compensation Structure at the Bank's is divided into two parts Fixed and Variable.



The compensation is broadly been divided in components like Basic Salary, HRA, Provident Fund, Leave Travel Allowance, Special Allowance and Earning Potential (Variable Pay).

Depending on grade title/role/performance one or more components may be included or excluded from the salary structure.

**Variable Pay:** The Variable pay varies depending on employee's performance and is subject to change as per the Bank's performance and policies.

For variable payout the performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. (The weightages against these parameters will vary according to Department and the Band of the employee):

Employees eligible under sales incentives are excluded from earning potential process and are covered through the Sales Incentives Plans.

**Statutory Bonus:** Some Section of Employees are also paid statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time.

**C) Description of the ways in which current and future risks are taken into account in the remuneration processes.**

The Bank takes into account various types of risks in its remuneration processes. Along with keeping in mind the key parameters like Fixed and Variable pay the focus is also on ensuring a high performance culture, role clarity, meritocracy, clarity on performance expectation and a robust mechanism are necessary ingredients in building a productive and motivated team that is aligned to organizations vision

While considering the fixed pay for revision, the Bank conducts salary review process wherein revisions in compensation are based on performance and internal pay parity study up to an extent is taken in consideration to ensure that employees are competitively positioned in terms of fixed pay.

Cascading of goals from the Organizational level to individual levels, periodic monitoring of performance, frequent rewards, and performance improvement plans and key talent programmes ensure that the risk due to attrition is mitigated as much as possible. Risk and Compliance are two major evaluated parameters within overall KPIs across all functions.

To protect current and future risks; for Material Risk Takers, the deferred portion of compensation is subject to malus and clawback arrangements which dovetails into prudent risk taking and a futuristic approach to decision making by them.

**D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration**

The Bank follows a Philosophy of Pay for Performance and Promote for Potential evaluation process for each Band.

The performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. These KPIs are a combination of following broad parameters (The weightages against these parameters will vary according to Department and the Band of the employee):

- a) Financial
- b) Process
- c) Customer
- d) Capability

Earning potential will be paid basis the individual and Bank performance i.e. performance bonus will vary band wise based on the performance of the Bank & the individual performance against set KPIs.

**E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme with the vesting period as recommended by RBI guidelines and incorporated in the Compensation Policy.

For those employees identified as Material Risk Takers, deferral arrangements will be a part of their variable compensation. For such employees, at least 60% of their total variable pay will be under deferral arrangements. The compensation of MRTs will also include a deferral of the cash variable as per the regulatory guidelines incorporated in the compensation Policy.

Such Variable Compensation will also be subject to Malus and Claw backs and will need employees to sign relevant declarations whenever necessary.

**F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms**

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme.

Cash bonus is a part of earning potential/Sales Incentive depending on employee's and Bank's performance basis the KPIs set across the organization and is subject to change as per the Bank's performance and policies.

Some Section of Employees are also eligible for statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time

**Quantitative Disclosure:**

**(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)**

*(Rs. in crore)*

S. No	Particulars	2022-23	2021-22	2020-21
1 (i)	Number of meetings held by the Nomination & Remuneration Committee during the financial period	3	12	4
1 (ii)	Remuneration paid to its members during the financial period (Rs. in crore)	0.0525	0.27	0.10
2 (i)	Number of employees having received a variable remuneration award during the financial period. (MD CEO, CFO, COO, CSO for FY 23)	2	3	3
2 (ii)	Number and total amount of sign-on awards made during the financial period	Nil	Nil	Nil
2 (iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus(Rs in crore)	Nil	Nil	Nil
2 (iv)	Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil	Nil
3 (i)	Total amount of outstanding deferred remuneration, split into cash, shares and sharelinked instruments and other forms.	5.32	5.32	4.11
3 (ii)	Total amount of deferred remuneration paid out in the period.	Nil	4.11	Nil

4	Breakdown of amount of remuneration awards for the financial year:			
	Fixed	6.15	4.63	4.10
	Variable	6.71	5.71	4.63
	Deferred	5.80	5.05	4.11
	Non-deferred	0.91	0.66	0.52
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	5.05	5.05	4.11
5(ii)	Total amount of reductions during the period due to ex- post explicit adjustments.	Nil	Nil	Nil
5(iii)	Total amount of reductions during the period due to ex- post implicit adjustments	Nil	Nil	Nil

**Table DF-16**  
**Equities – Disclosure for Banking Book Positions**

<b>Qualitative Disclosures</b>	The Bank has not made any investment in public and private equity securities
<b>Quantitative Disclosures</b>	

**Table DF 17**  
**Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure Measure**

- Leverage ratio is defined as the ratio of total exposures (the denominator) to the net worth (the numerator) expressed as a percent. Leverage Ratio prevents buildup of excessive leverage and works as a non-risk based backstop measure. It is calibrated to act as a credible supplementary measure to the risk based capital requirements.
- Payments Banks are required to have a leverage ratio of not less than 3 percent, which implies its total exposures should not exceed 33.33 times of its net worth.
- The Bank's status with regard is submitted to RBI at quarterly intervals.
- The details as on 30<sup>th</sup> September,2022 are as follows:

	<b>Item</b>	<b>(Rs. in mio)</b>
1	Total consolidated assets as per published financial statements	23,458.77
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	Nil
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	Nil
4	Adjustments for derivative financial instruments	Nil
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	Nil
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	108.33
7	Other adjustments	Nil

8	<b>Leverage ratio exposure</b>	23,567.05
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**Table DF-18**  
**Leverage ratio common disclosure**

	Item	Leverage ratio framework (Rs. in mio)
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	23,458.77
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	Nil
3	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	23,458.77
<b>Derivative exposures</b>		
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	Nil
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	Nil
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	Nil
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	Nil
8	(Exempted CCP leg of client-cleared trade exposures)	Nil
9	Adjusted effective notional amount of written credit derivatives	Nil
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	Nil
11	<b>Total derivative exposures (sum of lines 4 to 10)</b>	
<b>Securities financing transaction exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	Nil
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	Nil
14	CCR exposure for SFT assets	Nil
15	Agent transaction exposures	Nil
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	Nil
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	108.33
18	(Adjustments for conversion to credit equivalent amounts)	Nil
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	108.33
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	4,745.68
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	23,567.10
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	20.14%