

**DISCLOSURES UNDER NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II)
FOR THE YEAR ENDED 30th SEPTEMBER 2011**

I. GENERAL:

The framework of disclosures applies to The Ratnakar Bank Ltd; a scheduled commercial bank. As on 30th September 2011, the Bank does not have any subsidiaries, affiliates or associated enterprises. The Bank does not have any interest in any insurance entity.

II. CAPITAL STRUCTURE:

		₹ in Crores	
	Particulars	30-09-2011	30-09-2010
(a)	Tier I Capital:		
	- Paid-up Share Capital	214.95	104.72
	- Reserves	867.85	256.84
	- Innovative instruments;	-	-
	- Other capital instruments	-	-
	- Less -Deferred Tax Assets	8.25	2.52
	Total Tier -I Capital	1074.55	359.04
(b)	The total amount of Tier II capital (net of deductions from Tier II capital)	12.86	5.89
(c)	Debt Capital instruments eligible for inclusion in Upper Tier II capital		
	- Total amount outstanding	NIL	NIL
	- Of which amount raised during the current year	NIL	NIL
	- Amount eligible to be reckoned as capital funds	NIL	NIL
(d)	Subordinated debt eligible for inclusion in Lower Tier II capital		
	- Total amount outstanding	NIL	NIL
	- Of which amount raised during the current year	NIL	NIL
	- Amount eligible to be reckoned as capital funds	NIL	NIL
(e)	Other deductions from capital, if any.	NIL	NIL
(f)	Total Eligible Capital	1087.41	364.93

III. CAPITAL ADEQUACY:

A summary of Bank's capital requirement for credit, market and operational risk along with Capital Adequacy Ratio (CAR) as on 30th September 2011 is presented below:

		₹ in Crores	
	Particulars	30-09-2011	30-09-2010
(a)	Capital requirements for credit risk:		
	- Portfolios subject to standardised approach	239.81	87.37
	- Securitisation exposures.	5.93	-
(b)	Capital requirements for Market risk:		
	Based on Standardised Duration Approach;		
	- Interest rate risk	29.36	1.87
	- Foreign exchange risk (including gold)	2.03	-
	- Equity risk	1.12	0.91
(c)	Capital requirements for Operational risk:		
	- Based on Basic Indicator Approach;	12.08	10.05
(d)	Total Capital Adequacy Ratio of the Bank (%)	33.71%	32.78%
	Tier-1 Capital Adequacy Ratio of the Bank (%)	33.31%	32.25%

IV. CREDIT RISK- GENERAL DISCLOSURES:

(a) Total gross credit risk exposures*, Fund based and Non-fund based separately:

₹ in Crores		
Category	30-09-2011	30-09-2010
Fund Based	4060.64	1973.95
Advances	2924.17	1230.59
Investments in Banking book	696.42	416.00
All other Assets	440.05	327.36
Non-Fund Based **	255.69	89.27
Total	4316.33	2063.22

* Represents book value as on 30th September.

** Guarantees given on behalf constituents, acceptances, endorsements.

- (b) Geographic distribution of exposure*, Fund based & Non- fund based separately

₹ in Crores

Category	30-09-2011			30-09-2010		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Fund Based	4060.64	-	4060.64	1973.95	-	1973.95
Non-Fund Based **	255.69	-	255.69	89.27	-	89.27
Total	4316.33	-	4316.33	2063.22	-	2063.22

* Represents book value as on 30th September;

** Guarantees given on behalf constituents, acceptances, endorsements.

- (c) Industry type distribution of exposures (gross advances) - Funded & Non-funded

₹ in Crores

Sr. No.	Industry Classification	30-09-2011		30-09-2010	
		Fund Based	Non-Fund Based	Fund Based	Non-Fund Based
1	Coal	0.01	-	-	-
2	Mining	2.93	-	-	-
3	Iron and steel	89.10	0.01	0.76	-
4	Other Metal and Metal Products	71.32	-	2.66	-
5	All engineering	59.32	0.73	8.04	0.35
5.1	Of which (005) Electronics	3.67	-	0.29	-
6	Electricity	19.30	0.17	2.02	-
7	Cotton Textiles	41.12	0.17	10.75	-
8	Jute Textiles	0.09	-	-	-
9	Other Textiles	90.18	-	16.54	-
10	Sugar	6.30	1.01	-	-
11	Tea	0.08	-	-	-
12	Food Processing	79.61	0.01	11.13	0.29
13	Vegetable Oil and Vanaspati	1.00	0.11	0.45	-
14	Tobacco & Tobacco Products	0.21	-	-	-
15	Paper and Paper Products	10.99	-	3.15	-
16	Rubber and Rubber Products	25.51	-	0.22	-
17	Chemicals, Dyes, Paints, etc.	132.51	5.76	30.39	10.92
17.1	Of which Fertilisers	0.44	0.04	-	-
17.2	Of which Drugs & Pharmaceuticals	124.62	2.93	22.78	7.34
18	Cement	5.43	-	0.38	-
19	Leather and Leather Products	0.12	-	-	-
20	Gems and Jewellery	6.49	20.00	1.12	-
21	Construction	121.42	29.95	7.22	3.08
22	Petroleum	1.70	-	-	-

23	Automobiles including trucks	2.00	5.80	0.59	2.80
24	Computer Software	24.70	-	0.89	-
25	Infrastructure	58.25	61.41	40.96	44.87
25.1	Of which Power	13.23	50.00	38.59	-
25.2	Of which Telecommunications	0.02	-	-	-
25.3	Of which Road & Ports	4.01	2.75	-	-
26	NBFC's	216.42	-	47.81	-
27	Other Industries	741.65	69.56	112.95	26.96
28	Residuary other Advances (to balance with Gross Advances)	1116.41	50.86	932.55	-
	Total	2924.17	245.55	1230.59	89.27

As on 30th September the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure (advance):

Sr. No.	Industry classification	Percentage of the total gross credit exposure	
		30-09-2011	30-09-2010
1.	NBFC's	6.83%	3.62%
2.	Infrastructure	3.78%	6.50%

(d) Residual contractual maturity breakdown of assets

As on 30-09-2011

Maturity bucket	₹ in Crores			
	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	77.09	0.00	58.15	6.66
2 to 7 days	57.25	32.21	147.73	0.15
8 to 14 days	7.97	0.00	61.66	0.61
15 to 28 days	19.90	13.91	116.64	0.00
29 days to 3 months	32.53	209.01	458.36	0.54
3 to 6 months	37.17	75.72	252.56	0.72
6 to 12 months	26.63	331.19	482.65	11.93
1 to 3 years	69.53	127.68	718.17	15.54
3 to 5 years	4.08	110.95	322.14	2.57
Over 5 years	3.31	736.45	289.26	74.12
Total	335.46	1637.12	2907.32	112.84

As on 30-09-2010

₹ in Crores

Maturity bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	24.75	5.20	40.60	3.94
2 to 7 days	4.75	4.52	45.62	0.20
8 to 14 days	9.37	9.99	64.59	0.64
15 to 28 days	11.61	9.98	40.51	0.22
29 days to 3 months	56.75	46.74	211.25	0.46
3 to 6 months	82.00	26.62	51.61	0.41
6 to 12 months	31.56	22.44	81.02	6.10
1 to 3 years	46.24	70.28	319.16	9.11
3 to 5 years	4.37	59.28	159.10	1.54
Over 5 years	1.53	278.76	200.34	31.81
Total	272.93	533.81	1213.80	54.43

(e) Non-Performing Assets (NPA) –

₹ in Crores

		30-09-2011	30-09-2010
(a)	Amount of NPAs (Gross)	34.23	29.66
	- Substandard	16.33	11.30
	- Doubtful 1	4.37	5.56
	- Doubtful 2	4.77	3.08
	- Doubtful 3	4.53	4.98
	- Loss	4.23	4.74
(b)	Net NPAs	17.38	12.88
(c)	NPA ratios		
	- Gross NPAs to gross advances	1.17%	2.41%
	- Net NPAs to Net advances	0.60%	1.06%
(d)	Movement of NPAs (Gross)		
	- Opening balance as on 1 st April	21.51	27.64
	- Additions	16.29	6.47
	- Reductions	3.57	4.45
	- Closing balance as on 30 th Sept.	34.23	29.66
(e)	Movement of provisions for NPAs		
	- Opening balance as on 1 st April	14.62	16.28
	- Provisions made during the period	3.19	3.18
	- Write-off	-	-
	- Write-back of excess provisions	0.96	2.68
	- Closing balance as on 30 th Sept.	16.85	16.78

(f) NPI and movement of provision for depreciation of NPIs –

₹ in Crores

		30-09-2011	30-09-2010
(a)	Amount of Non- Performing Investments	2.29	2.29
(b)	Amount of provisions held for Non- Performing Investments	2.29	2.29
(c)	Movement of provisions for depreciation on investments		
	- Opening balance as on 1 st April	0.30	1.37
	- Provisions made during the period	10.12	0.37
	- Write-off	-	-
	- Write-back of excess provisions	7.73	1.62
	- Closing balance as on 30 th Sept.	2.69	0.12

V. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH:

For exposure amounts after risk mitigation subject to the standardised approach, amount of Bank's outstanding exposures (rated and unrated) in the following three major risk buckets as well as those that are deducted:

₹ in Crores

Particulars	30-09-2011	30-09-2010
- Below 100% risk weight	1969.47	1398.62
- 100% risk weight	2302.86	631.37
- More than 100% risk weight	44.00	33.23
- Deducted	Nil	Nil

VI. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES:

₹ in Crores

S N	Particulars	30-09-2011	30-09-2010
1.	Total Exposure (on and off balance sheet) covered by eligible financial collateral after application of haircuts	256.79	145.24
2.	Total Exposure (on and off balance sheet) covered by guarantees / credit derivatives	NIL	NIL

VII. SECURITISATION EXPOSURES: DISCLOSURE FOR STANDARDISED APPROACH:

Banking Book –

		₹ in Crores		
SN	Particulars	30-09-2011	30-09-2010	
1.	Total amount of exposures securitised by the Bank	NIL	NIL	
2.	For exposures securitised, losses recognized by the Bank during the current period	NIL	NIL	
3.	Amount of assets intended to be securitised within a year	NIL	NIL	
4.	Of (3), amount of assets originated within a year before securitisation	NIL	NIL	
5.	Total amount of exposures securitised and unrecognized gain or losses on sale by exposure type	NIL	NIL	
6.	Aggregate amount of:			
	- On balance sheet securitisation exposures retained or purchased broken down by exposure type	Securities (PTC) purchased with o/s ₹ 80.95 Cr., backed by pool of micro-finance loans	NIL	
	- Off balance sheet securitisation exposures	NIL	NIL	
7.	Aggregate amount of: - Securitisation exposures retained or purchased and the associated capital charges, broken down between exposures & different risk weight bands.	₹ in Crores		
		Risk Weight	Exposure	Capital Charge
		Below 100%	10.42	0.18
		100%	70.53	5.75
		More than 100%	-	-
8.	Exposures that have been deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)	NIL	NIL	

Trading Book –

₹ in Crores

SN	Particulars	30-09-2011	30-09-2010								
1.	Aggregate amount of exposures securitised by the Bank for which the Bank has retained some exposures and which is subject to market risk approach, by exposure type	NIL	NIL								
2.	Aggregate amount of: - On balance sheet securitisation exposures retained or purchased broken down by exposure type - Off balance sheet securitisation exposures	Securities (PTC) purchased with market value ₹ 19.45 Cr., backed by pool of micro-finance loans. NIL	NIL NIL								
3.	Aggregate amount of securitisation exposures retained or purchased separately for: - Securitisation exposures retained or purchased subject to Comprehensive Risk Measure for Specific Risk - Securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands	₹ 19.45 Crores ₹ in Crores <table border="1"> <thead> <tr> <th>Risk Weight</th> <th>Exposure</th> </tr> </thead> <tbody> <tr> <td>Below 100%</td> <td>19.45</td> </tr> <tr> <td>100%</td> <td>-</td> </tr> <tr> <td>More than 100%</td> <td>-</td> </tr> </tbody> </table>	Risk Weight	Exposure	Below 100%	19.45	100%	-	More than 100%	-	NIL NIL
Risk Weight	Exposure										
Below 100%	19.45										
100%	-										
More than 100%	-										
4.	Aggregate amount of: - Capital requirements for securitisation exposures, subject to the securitisation framework broken down into different risk weight bands - Securitisation exposures that are deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)	₹ in Crores <table border="1"> <thead> <tr> <th>Risk Weight</th> <th>Specific Risk Capital Charge</th> </tr> </thead> <tbody> <tr> <td>Below 100%</td> <td>0.88</td> </tr> <tr> <td>100%</td> <td>-</td> </tr> <tr> <td>More than 100%</td> <td>-</td> </tr> </tbody> </table> NIL	Risk Weight	Specific Risk Capital Charge	Below 100%	0.88	100%	-	More than 100%	-	NIL NIL
Risk Weight	Specific Risk Capital Charge										
Below 100%	0.88										
100%	-										
More than 100%	-										

VIII. MARKET RISK IN TRADING BOOK:

Capital requirement for:

Particulars	₹ in Crores	
	30-09-2011	30-09-2010
Interest Rate Risk	29.36	1.87
Equity Position Risk	1.12	0.91
Foreign Exchange Risk	2.03	-

IX. OPERATIONAL RISK

Quantitative Disclosures – Not Applicable

X. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB):

Increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB.

Earnings Perspective –

Interest rate shock	₹ in Crores	
	30-09-2011	30-09-2010
1% change in interest rate for 1 year	1.36	2.12

Economic Value Perspective –

Interest rate shock	₹ in Crores	
	30-09-2011	30-09-2010
200 basis point shock	39.60	25.36