

DISCLOSURES UNDER PILLAR 3 OF THE CAPITAL ADEQUACY FRAMEWORK (BASEL III GUIDELINES) AS ON 30 June 2023.

1. INTRODUCTION:

Doha Bank Q.P.S.C. is an entity domiciled in the State of Qatar and was incorporated on March 15, 1979 as a Joint Stock Company under Emiri Decree No. 51 of 1978. The commercial registration of the Bank is 7115. The address of the Bank's registered office is Doha Bank Tower, Corniche Street, West Bay, P.O. Box 3818, Doha Qatar.

The India branch of Doha Bank Q.P.S.C. ("Doha Bank" or the "Bank") started operations from June 10, 2014. The registered office of the Bank is Sakhar Bhavan, Ground Floor, Plot No. 230, Block No. III, Backbay, Reclamation, Nariman Point, Mumbai -400021, Maharashtra State, India.

2. SCOPE OF APPLICATION

The Basel III disclosure contained herein relate to the Indian branches of Doha Bank Q.P.S.C. (the Bank) as on 30 June 2023. These primarily relate to the disclosure required under Annexure 18 – Pillar 3 disclosure requirements of the Reserve Bank of India (The RBI) Master Circular - Basel III capital regulation dated 1st July 2015 and published in accordance with the requirements of RBI for a branch of foreign bank, and do not require the disclosures pertaining to the consolidation of entities.

The Bank has implemented the requirement laid down by RBI for Pillar 3 disclosure, covering both the quantitative and qualitative items. The information provided has been reviewed by senior management and is in accordance with the guidelines prescribed by the RBI. All table DF reference relate to those mentioned in annexure 18 - pillar 3 of above mentioned circular.

Qualitative and Quantitative disclosure as per DF 1

The Bank does not have any reportable interest in subsidiaries/associates/ joint venture or insurance entities. As such this disclosure is not applicable to the Bank.

3. CAPITAL ADEQUACY:

Qualitative Disclosures:

The capital to risk weighted asset ratio (CRAR) of the Bank is 30.55% as of June 30, 2023 computed under Basel III norms, higher than minimum regulatory CRAR requirement of 11.50% including capital conservation buffer (CCB) of 2.50%.

The bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

It is overseen by the Bank's local Risk Management Committee (RMC). The Bank's capital management framework also includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually. The ICAAP encompasses capital planning for five years' time horizon, identification and measurement of material risks and the relationship between risk and capital. Further bank has developed ICAAP policy for assessment of capital adequacy.

The Bank's ICAAP document covers the capital management framework of the bank, sets the process for the assessment of the adequacy of capital to support current and future activities / risk and report on the capital projection for period of 5 years. This framework is supplemented by the existing stress testing framework which is an integral part of ICAAP.

In the normal course of event, management reviews the adequacy of capital quarterly or with increased frequency, if circumstances demand. The capital requirement of the bank is assessed after considering bank's business model as well as opportunity for growth in India.

The capital assessment by the bank factors in the credit, operational and market risk associated with its current and future activities as well as the effective management of these risks to optimise the utilisation of capital.

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Quantitative Disclosure:

A Summary of the bank's capital requirement for credit, market and operational risk and capital adequacy ratio as on June 30, 2023 is presented below:

	(Rs'000)
Details	Risk weighted assets
Capital requirement for credit risk (Standardized approach)	1,069,571
On balance sheet exposure	830,064
Off balance sheet exposure	-
Non market related	238,335
Market related	1,172
Capital requirement for market risk (Standardized duration approach)	171,008
Interest rate risk	134,794
Foreign exchange risk	32,344
Equity risk	3,871
Capital requirement for operational risk (Basic Indicator approach)	107,003
Total capital requirements	1,347,582
Total Risk Weighted Assets of the Bank	11,718,154
Credit risk	9,300,623
Market risk	1,487,073
Operational risk	930,458
CET 1 capital	3,469,262
Additional Tier 1 capital	-
Total Tier 1 capital	3,469,262
Tier 2 capital	110,108
Total regulatory capital	3,579,370
CET1 / Tier 1 Capital ratio	29.61%
Tier II Capital ratio	0.94%
Total capital ratio	30.55%

The Composition of the Capital structure as on June 30, 2023:

	(Rs'000)
Particulars	
Paid up Capital (Funds from Head Office)	3,042,002
Statutory Reserve	170,521
Capital Reserve*	317,604
Balance in Profit & Loss Account	(57,575)
Regulatory Adjustment to CET I	(3,290)
CET 1 Capital	3,469,262
Additional Tier 1 Capital	-
Total Tier 1 Capital	3,469,262
Tier 2 Capital	116,258
Restricted to 1.25% of Credit Risk Weighted Assets	110,108
Whichever is lower, so allowed	110,108
Total regulatory capital	3,579,370

*Net of reserve Rs 6,645 thousand created on acquisition of HSBC Bank Oman SAOG.

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Qualitative disclosure

This refers to risk arising from the potential that an obligor is either unwilling to honour his/her obligation or has become unable to meet such obligation, which leads to economic loss to the bank or the possibility of losses associated with diminution in the credit quality of borrowers or counter parties and/or in the value of the collateral held by the Bank as security. Identification, measurement and management of risk are strategic priorities for the Bank and its credit risk is managed by a thorough and well-structured credit assessment process complemented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio levels.

Quantitative disclosure

Total gross credit risk exposures including geographic distribution of exposure as on June 30, 2023

(Rs '000)			
Particulars	Domestic	Overseas	Total
Fund Based	11,969,575	975,542	12,945,117
Non Fund Based*	3,191,379	3,887,540	7,078,919
Total	15,160,954	4,863,082	20,024,036

*Non fund based exposure are guarantee given on behalf of constituents, acceptances, endorsement, undrawn credit limits sanctioned to borrower and credit exposure on outstanding derivative contracts.

Industry wise distribution of advances and off balance sheet credit exposure as at 30 June 2023 (Gross)

Industry Name	Fund Based [Outstanding-O/s]			Non Fund Based Exposure (Outstanding)
	Standard	NPA	Total	
A. Mining and Quarrying	-	-	-	-
B. Food Processing	690,000	176,189	866,189	-
C. Beverages (excluding Tea & Coffee) and Tobacco	-	-	-	-
D. Textiles	262,500	-	262,500	-
E. Leather and Leather products	-	-	-	-
F. Wood and Wood Products	-	-	-	-
G. Paper and Paper Products	-	-	-	-
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	-
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	594,000	-	594,000	-
J. Rubber, Plastic and their Products	-	-	-	-
K. Glass & Glassware	-	-	-	-
L. Cement and Cement Products	-	-	-	-
M. Basic Metal and Metal Products	-	-	-	600,500
N. All Engineering	400,000	-	400,000	1,00,000
O. Vehicles, Vehicle Parts and Transport Equipments	-	-	-	-
P. Gems and Jewellery	594,000	-	594,000	-
Q. Construction	-	-	-	-
R. Infrastructure	-	-	-	563,200
S. Other Industries	-	-	-	-
Residuary other advances (to tally with gross advances)	3,615,706	186,128	3,801,834	4,126,300
Total	6,156,206	362,317	6,518,523	5,390,000

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Residual Contractual maturity breaks down of Assets

(Rs '000)				
MATURITY BUCKETS	Cash balances with RBI and other Banks	Investment Securities	Loans and Advances	Other Assets including fixed assets
1 Day	7,67,629	11,424	13,31,432	1,17,977
2 to 7 Days	-	88,057	1,49,228	2,377
8 Days to 14 Days	-	95,676	6,100	519
15 days to 30 Days	-	65,385	9,33,942	21,412
31 days to 2 months	-	1,19,774	5,76,505	39,865
2 months to 3 months	4,10,213	1,03,643	26,141	25,063
Over 3 months to 6 months	-	3,12,705	4,79,294	7,347
Over 6 months to 1 year	-	22,49,858	1,63,022	32,433
Over 1 year to 3 years	-	9,02,233	17,28,995	31,712
Over 3 years to 5 years	-	1,17,084	27,572	487
Over 5 years	-	23,231	8,16,698	7,47,828
Total	11,77,842	40,89,069	62,38,929	10,27,020

Movement of NPAs (Gross) and Provision for NPAs

		(Rs '000)
Particulars		June 30, 2023
(i) Amount of NPAs (Gross)		362,317
Doubtful 1		-
Doubtful 2		-
Doubtful 3		-
Loss		264,996
(ii) Net NPAs		82,723
(iii) NPA Ratios		
Gross NPAs to Gross Advances		5.56%
Net NPAs to Net Advances		1.33%
(iv) Movement of NPAs (Gross)		
Opening Balance as at April 1, 2023		264,996
Additions during the year		97,321
Reductions during the year		-
Closing Balance as at June 30, 2023		362,317
(v) Movement of provision of NPAs		
Opening Balance as at April 1, 2023		264,996
Provisions made during the year		14,598
Write offs of NPA provision		-
Write backs of excess provisions		-
Closing Balance as at June 30, 2023		279,594

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Movement of General Provision- Position as on 30 June 2023

	(Rs '000)
Opening Balance	37,234
Provisions made during the year	-
Write offs	(6700)
Write backs of excess provisions	-
Any other adjustments	-
Closing Balance	30,534

Movement of Provision for Depreciation on Investment

	(Rs '000)
Opening Balance	157,662
Add: Provisions made during the year	10,882
Less: Write back of excess provisions	(32,254)
Closing Balance	136,290

Major Industry wise break up of NPAs & Specific Provisions

	(Rs '000)	
Industry	NPAs	Specific Provisions
B. Food Processing	176,189	176,189
S. Other Industries	186,128	103,405
Total	362,317	279,594

Geography Wise distribution of NPAs

	(Rs '000)
State	NPAs
Maharashtra	186,128
Tamilnadu	176,189
Total	362,317

Credit Risk: Portfolios under the standardised approach:

Qualitative Disclosures

The Bank uses external rating agencies that are approved by the RBI for capital adequacy, viz, CRISIL, ICRA, and CARE for domestic exposures and S&P, Moody's and Fitch for overseas exposures.

The Bank also has an independent internal ratings model. These internal ratings are used for ascertaining credit worthiness of a client, setting internal prudential limits, determining pricings etc. The internal and external ratings do not have a one to one mapping and for the purpose of calculation of the capital for the credit risk under the standardized approach, the external ratings are used.

Quantitative Disclosures

The exposure under each credit risk category is as follows:

	(Rs'000)
Risk Bucket	Amount
Below 100% Risk Weight	12,886,431
100% risk weight	4,747,514
More than 100% risk weight	2,390,091
	20,024,036