HDFC Bank Limited

July 03,2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Infrastructure Bonds	55,000.00	CARE AAA; Stable	Reaffirmed
Lower Tier-II*	0.00	-	Withdrawn
Tier-I Bonds#	15,000.00	CARE AA+; Stable	Reaffirmed
Tier-II Bonds&	47,000.00	CARE AAA; Stable	Reaffirmed
Fixed Deposit	Ongoing	CARE AAA; Stable	Reaffirmed
Certificate Of Deposit	75,000.00	CARE A1+	Reaffirmed
Commercial paper!	75,000.00	CARE A1+	Assigned
Long term/Short term bank facilities!	1,50,000.00	CARE AAA; Stable/CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.
!The instruments / bank facilities have been transferred from erstwhile Housing Development Finance Corporation Limited (HDFC Ltd) on account of amalgamation of HDFC Ltd into HDFC Bank Limited with effect from July 01, 2023.
*Withdrawn due to redemption

#CARE Ratings Limited (CARE Ratings) has rated the aforesaid Basel III Compliant Additional Tier-I Bonds after taking into consideration its key features as mentioned below:

- The bank has full discretion at all times to cancel coupon payments.
- The coupon is to be paid out of current year profits. However, if the current year's profits are not sufficient, i.e., payment of such coupon is likely to result in losses during the current year, the balance of coupon payment may be made out of revenue reserves including statutory reserves and/or credit balance in profit and loss account and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation provided the bank meets the minimum regulatory requirements for Common Equity Tier-I (CET-I), Tier-I and Total Capital Ratios and capital buffer frameworks as prescribed by the Reserve Bank of India (RBI).
- The instrument may be written-down upon CET I breaching the pre-specified trigger of 5.5% before March 31, 2019, 6.125% on and after March 31, 2019, and 7% on or after October 01, 2021, or written off/converted into common equity shares on the occurrence of the trigger event called PONV. The PONV trigger will be determined by the RBI.

Any delay in payment of interest/principal (as the case may be) due to invocation of any of the features mentioned above will constitute as an event of default as per CARE Ratings' definition of default and as such these instruments may exhibit a somewhat sharper migration of the rating compared with other subordinated debt instruments.

&Tier-II Bonds under Basel III are characterised by a PONV trigger due to which the investor may suffer a loss of principal. PONV will be determined by the RBI and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. In addition, the difficulties faced by a bank should be such that these are likely to result in financial losses, and raising the Common Equity Tier-I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

Rationale and key rating drivers

The ratings assigned to the various debt instruments of HDFC Bank Limited (HBL) continue to factor in the bank's high systemic importance given its Domestic Systematically Important Bank (D-SIB) status by the Reserve Bank of India (RBI), and its widespread domestic franchise, being the largest private sector bank in India. The ratings also consider HBL's healthy capitalisation levels, strong funding profile with robust current account savings account (CASA) depositor base, experienced management, comfortable asset quality metrics, as well as consistently healthy financial performance track record. The ratings also factor in the

[1]Complete definition of the ratings assigned are available at wwwcareedge.in and other CARE Ratings Ltd.'s publications

bank's conscious decision to focus on good quality credit and tight underwriting standards as reflected in its stable financial performance, asset quality, and has helped to maintain its leadership position as the largest private sector bank in India.

HBL and Housing Development Finance Corporation Ltd (HDFC Ltd), vide the announcement to the stock exchanges on April 04, 2022, had informed that their respective Boards of Directors have approved a 'composite scheme of amalgamation' for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited with and into HDFC Ltd; and (ii) HDFC Ltd into HBL. HBL and HDFC Ltd, vide its notification on June 30, 2023 have informed about the completion of the amalgamation and since all the required approvals have been obtained, the effective date of amalgamation has been recorded as July 01, 2023. CARE Ratings has taken note of the same.

HBL is the second-largest bank in the country, with advances of ₹16.1 lakh crore as on March 31,2023 and HDFC Ltd is the largest housing finance company (HFC) in India with asset under management of ₹7.2 lakh crore as on the same date. The amalgamated entity will have combined advances of over ₹22 lakh crore (based on March 31, 2023). HBL has the advantage of low-cost funding due to a strong CASA deposit base, which on amalgamation will help become more competitive in the home loan segment in the long run. Though on amalgamation, CASA to total deposits ratio will see some moderation, CARE Ratings expects the same to improve gradually in the medium term.

Furthermore, CARE Ratings expects the solvency position of the bank to remain comfortable, with sufficient cushion over the minimum regulatory requirement for capital adequacy ratio (CAR) and Tier-I CAR along with stable asset quality parameters and profitability post the amalgamation.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Moderation in asset quality parameters with sharp rise in the net non-performing assets (NNPA) to net worth ratio.
- Moderation in capitalisation cushion levels of less than 3.5% over and above the minimum regulatory requirement.
- Moderation in profitability on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook is on account of high systemic importance of the bank given its strong market position, healthy capitalization, further growth in the advances book alongwith comfortable asset quality performance leading to consistent track record of healthy profitability.

Detailed description of the key rating drivers:

Key strengths

High systemic importance given its widespread domestic franchise and strong market position: HBL is the largest private sector bank in India, in terms of asset size, with total assets of ₹24,66,081 crore, as on March 31,2023, and has been identified as a D-SIB by the RBI since September 04, 2017. This strong market share is complemented by its ever-expanding pan-India domestic franchise. As on March 31,2023, the bank's distribution network was at 7,821 branches and 19,727 ATMs/cash deposit and withdrawal machines across 3,188 cities/towns. Approximately 52% of the branches are located in semi-urban and rural areas. On combined basis (HBL+HDFC Ltd) total assets stood at ₹ 31,92,856 crore as on March 31, 2023, which would further strengthen the bank's position as the largest private sector and second largest bank in India.

Healthy capitalisation levels: The bank continues to maintain healthy capitalisation levels supported by frequent capital raising and superior internal accruals. The bank reported a capital adequacy ratio (CAR) of 19.26% (Tier-I CAR: 17.10%) and Common Equity Tier-I (CET-I) Ratio of 16.40% as on March 31, 2023, as against CAR of 18.90% (Tier-I CAR: 17.87%) and CET-I Ratio of 16.67%, as on March 31, 2022. The bank continues to maintain a comfortable buffer over the minimum regulatory requirement CAR of 11.70%, owing to the increased requirement on account of being identified as a D-SIB, under Basel III.

Strong funding profile with robust CASA franchise: The bank has a strong retail franchise, which helps it in the mobilisation of low-cost deposits, apart from consistently maintaining a healthy CASA proportion. HBL has a strong resource profile as depicted by the significant proportion of low-cost steady CASA deposits share in relation to total deposits, which stood high at 44.39% as on March 31,2023 (48.17% as on March 31, 2022). Total deposits increased by 20.79% to ₹18,83,395 crore as on March 31,2023 (March 31,2022: ₹15,59,217 crore), as compared with the corresponding date of the previous year. Retail deposits constituted 83% of the total deposits as on March 31, 2023, up from 81% as on March 31, 2022.

HDFC Ltd also had strong resource-raising ability with a diversified resource profile and an established depositor base which enabled it to raise borrowings at competitive rates. On combined basis, total deposits would stand at ₹ 20,35,506 crore as on March 31, 2023, with addition of term deposits of ₹1,52,111 crore from HDFC Ltd balance sheet.

As per the scheme of amalgamation, all the liabilities of HDFC Ltd have been transferred to HBL, as on the effective date. Post the amalgamation, the proportion of CASA deposits to total deposits would decline in the near term due to higher proportion of term deposits transferred from HDFC Ltd. CARE Ratings expects the bank to maintain strong level of CASA over the medium term led by access to larger depositor base post the amalgamation.

Stable advance growth: The bank's advances portfolio has witnessed a compounded annual growth rate (CAGR) of 19% during FY18-FY23 and stood at ₹16,14,230 crore as on March 31, 2023 (March 31,2022 - ₹13,80,514 crore). Owing to the favourable economic environment during FY23, the bank's gross advances improved by 17% against industry credit growth of 15%. HBL's retail advances constituted around 47% (as per Basel classification) of gross advances as on March 31, 2023 (March 31,2022: 44%), while the commercial and rural banking (excluding agriculture) and corporate (wholesale) lending constituted 53% as on March 31, 2023 (March 31,2022 - 56%). On combined basis, total advances portfolio stood at ₹22,34,730 crore as on March 31, 2023. In terms of portfolio composition, major change is in the retail home loans proportion. Post amalgamation, the proportion of mortgage loans would stand at around 31% as against 11% pre-amalgamation. CARE Ratings expects the mortgage book to form significant portion of the advances book of the Bank, going forward.

For complying with the priority sector lending norms post-amalgamation, RBI has provided a clarification on the calculation of the Adjusted Net bank Credit (ANBC). ANBC may be calculated considering one-third of the outstanding loans of HDFC as on the effective date of the Amalgamation for the first year. The remaining two-thirds of the portfolio of HDFC Ltd shall be considered over a period of next two years equally. Basis the list submitted by HDFC Ltd, RBI has permitted loan against shares for promoter contribution / in excess of ₹20 lacs to the individuals, to continue for its existing duration / maturity.

Consistent track record of healthy earnings performance: The favourable economic environment leading to significant growth in the advances book of the bank coupled with rising interest rate scenario and improved asset quality performance aides consistent profitability of HBL**.** During FY23, HBL, reported a profit after tax (PAT) of ₹44,109 crore on a total income of ₹1,92,800 crore as against a reported a profit after tax (PAT) of ₹36,961 crore on a total income of ₹157,263 crore for the previous year witnessing a growth of 19% in PAT and 23% in total income, on a Y-o-Y basis. The bank's net interest income (NII) and pre-provisions operating profit (PPOP) for the year FY23 stood at ₹86,842 crore and ₹70,405 crore, respectively. HBL's net interest margin (NIM[2]) and PPOP to average total assets for FY23 were 3.84% (P.Y.:3.79%) and 3.11% (P.Y.: 3.37%) respectively. The improvement in the NIM is attributed to substantial rise in the interest rates during FY23 with a relatively lower rise in the cost of funds due to slower repricing of the cost of deposits. The operating expense stood at 2.10% as a percentage of average total assets during FY23 (FY22: 1.97%) mainly due to increase in the reach of the bank with addition of 1,478 branches during FY23 coupled with addition of 31,643 employees during the year. Owing to the improved asset quality, HBL reported credit cost (provisions and write-off) of ₹11,920 crore, which constituted 0.53% of the average total assets for FY23 (FY22: ₹ 15,062 crore; 0.79%, respectively). On account of the above, the return on average total assets (ROTA) for FY23 remained stable at 1.95% for FY23 as against 1.94% for FY22.

As per letter dated April 24,2023, RBI provided clarification on interest rate benchmarking and stated that one-time mapping of all borrowers of HDFC Ltd would need to be done by HBL for benchmark and spreads. All retail, MSME and other floating rate loans sanctioned by HDFC Ltd would be linked to appropriate benchmark within six months from the effective date.

[2]As per CARE Ratings Ltd.'s calculations

Post the amalgamation, CARE Ratings expect the cost of borrowings to increase slightly over the near term on account of relatively high (as compared to HBL) weighted average cost of HDFC Ltd.'s total liabilities; however, access to a larger depositor base and majority of the loan portfolio having floating rates will enable the bank to maintain its margins. Furthermore, the bank will get access to customers and will be able to provide various deposit products as well as cross selling opportunity in the future.

Comfortable asset quality metrics: HBL's asset quality continues to remain comfortable, with gross non-performing assets (GNPA) ratio at 1.12% of gross advances as on March 31, 2023 (March 31, 2022 – 1.17%). The net NPA (NNPA) ratio and NNPA to net worth ratio stood at 0.27% and 1.60% respectively, as on March 31,2023 (March 31, 2022 – 0.33% and 1.97%). The slippage ratio for H1FY23 was around 2.16% (annualised) as compared with 2.38% for FY22. HBL's restructured book under the RBI Resolution Framework 1.0 and 2.0 constituted around 0.31% of gross advances, as on March 31,2023.
The asset quality of HDFC Ltd stood comfortable at Gross Stage 3 (GS3) of 1.4% and Net Stage 3 (NS3) of 0.7% as on March 31,2023 (March 31,2022: GS3- 2.3%, NS3- 1,05%).

CARE Ratings will continue to monitor the asset quality of its advances book as the bank changes its wholesale to retail proportion of its advances going forward. However, due to the comfortable asset quality metrics of HDFC Ltd and HBL, post-amalgamation, the asset quality is expected to remain comfortable.

Experienced management: The management team is headed by Mr. Sashidhar Jagdishan, who took over as the Managing Director and Chief Executive Officer (MD & CEO) from October 2020. Mr. Atanu Chakraborty, former economic affairs secretary, was appointed as the Part-Time Non-Executive Chairman & Additional Independent Director of the bank, with effect from May 5, 2021. HBL appointed Mr. Kaizad Bharucha as Deputy Managing Director and Bhavesh Zaveri to the board of directors as whole-time executive director, approved by RBI as on April 19,2023. The bank has a strong management team with relevant experience in banking.

HBL has appointed Mr. Keki Mistry, (Vice Chairman & CEO of erstwhile HDFC Ltd), as the Additional and Non-Executive (Non-Independent) Director and Ms. Renu Karnad, (MD of erstwhile HDFC Ltd), as the Additional and Non-Executive (Non-Independent) Director on the board of the bank as on July 01, 2023.

Liquidity: Strong

The bank's liquidity profile is supported by the bank's strong retail and CASA depositor base. The average liquidity coverage ratio for the quarter-ended March 31,2023 was at 115.51%, well above the present prescribed minimum requirement of 100%. Furthermore, the bank has access to market liquidity schemes, like LAF and MSF, as well as access to call money markets. As per clarification from RBI dated April 21,2023, HBL shall continue to comply with extant requirements of CRR, SLR and LCR from the Effective Date of the amalgamation without exceptions.

Environment, social, and governance (ESG) risks

The bank's board has approved an ESG Policy framework which is governed by CSR and ESG committee of the Board and driven by the management committee and cross functional working groups. Evaluation of ESG risk is an integral part of overall credit appraisal and approval process of the bank. The bank has reported 829 branches as 'green'. All the upcoming branches are expected to conform to green building standards. HBL targets to become carbon neutral by FY2032. HBL runs an 'Holistic Rural Development programme' which spans across 7,400+ villages in 23 states covering > 10 lakh families. The bank focusses of gender diversity and has set target to increase the representation of women in the workforce forming 25% of the total employees by FY2025.

Applicable criteria

Policy on default recognition
Financial Ratios - Financial Sector
Rating Outlook and Credit Watch
Short Term Instruments
Rating Basel III - Hybrid Capital Instruments issued by Banks
Bank

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Banks	Private Sector Bank

The Housing Development Finance Corporation Limited was among the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian banking industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited' (HBL), with its registered office in Mumbai, India. At present, HBL is the largest private sector bank in India. As on March 31,2023, the bank's total balance sheet size stood at ₹24,66,081 crore. HBL continues to be identified as a Domestic Systemically Important Bank (D-SIB) as per the RBI.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total Income	1,57,263	1,92,800
PAT	36,961	44,109
Total Assets	20,62,305	24,66,081
Net NPA (%)	0.32	0.27
ROTA (%)	1.94	1.95

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating assigned along with Rating Outlook
Lower Tier-II Bonds	INE040A08310	13-Aug-12	9.45%	13-Aug-27*	0.00	Withdrawn
Tier-II Bond (Basel III)	INE040A08385	29-Jun-17	7.56%	29-Jun-27	2,000	CARE AAA; Stable
Tier-II Bond (Basel III)	INE040A08427	02-Dec-22	7.86%	02-Dec-32	15,000	CARE AAA; Stable
Tier-II Bond (Basel III)	INE040A08435	16-Dec-22	7.84%	16-Dec-32	5,000	CARE AAA; Stable
Tier-II Bond (Basel III) (proposed0	-	-	-	-	25,000	CARE AAA; Stable
Additional Tier-I Bonds (Basel III)	INE040A08419	08-Sep-22	7.84%	perpetual	3,000	CARE AA+; Stable
Additional Tier-I Bonds (Basel III) (Proposed)	-	-	-	-	12,000	CARE AA+; Stable
Infrastructure Bonds	INE040A08351	15-Dec-15	8.35%	15-Dec-25	2,975	CARE AAA; Stable
Infrastructure Bonds	INE040A08369	21-Sep-16	7.95%	21-Sep-26	6,700	CARE AAA; Stable
Infrastructure Bonds	INE040A08344	31-Mar-15	8.45%	31-Mar-25	3,000	CARE AAA; Stable
Infrastructure Bonds	INE040A08393	28-Dec-18	8.44%	28-Dec-28	6,000	CARE AAA; Stable
Infrastructure Bonds	INE040A08401	27-Sep-21	6.44%	27-Sep-28	5,000	CARE AAA; Stable
Infrastructure Bonds (Proposed)	-	-	-	-	31,325	CARE AAA; Stable
Certificate of Deposits	-	-	-	Upto 365 days	75,000	CARE A1+
Fixed Deposits	-	-	-	-	Ongoing	CARE AAA; Stable

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating assigned along with Rating Outlook
Commercial paper (proposed)	-	-	-	-	75,000	CARE A1+
Bank facilities-Term Loan	-	-	-	1 to 14 years	1,50,000	CARE AAA; Stable/CARE A1+

*HBL has exercised the call option on August 17,2022.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fixed Deposit	LT	0.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Feb-23) 2)CARE AAA; Stable (13-Jan-23) 3)CARE AAA; Stable (28-Nov-22) 4)CARE AAA (FD); Stable (07-Apr-22)	1)CARE AAA (FD); Stable (21-Mar-22) 2)CARE AAA (FD); Stable (04-Jan-22)	1)CARE AAA (FD); Stable (29-Jan-21) 2)CARE AAA (FD); Stable (05-Jan-21)
2	Bonds-Upper Tier II	LT	-	-	-	-	-	1)Withdrawn (29-Jan-21) 2)CARE AAA; Stable (05-Jan-21)
3	Certificate Of Deposit	ST	75000.00	CARE A1+	-	1)CARE A1+ (10-Feb-23) 2)CARE A1+ (13-Jan-23)	1)CARE A1+ (21-Mar-22) 2)CARE A1+ (04-Jan-22)	1)CARE A1+ (29-Jan-21) 2)CARE A1+ (05-Jan-21)

						3)CARE A1+ (28-Nov-22) 4)CARE A1+ (07-Apr-22)		
4	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Jan-22)	1)CARE AAA; Stable (29-Jan-21) 2)CARE AAA; Stable (05-Jan-21)
5	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Jan-22)	1)CARE AAA; Stable (29-Jan-21) 2)CARE AAA; Stable (05-Jan-21)
6	Bonds-Lower Tier II	LT	-	-	-	1)CARE AAA; Stable (10-Feb-23) 2)CARE AAA; Stable (13-Jan-23) 3)CARE AAA; Stable (28-Nov-22) 4)CARE AAA; Stable (07-Apr-22)	1)CARE AAA; Stable (21-Mar-22) 2)CARE AAA; Stable (04-Jan-22)	1)CARE AAA; Stable (29-Jan-21) 2)CARE AAA; Stable (05-Jan-21)
7	Bonds-Infrastructure Bonds	LT	30000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Feb-23) 2)CARE AAA; Stable	1)CARE AAA; Stable (21-Mar-22) 2)CARE AAA; Stable (04-Jan-22)	1)CARE AAA; Stable (29-Jan-21) 2)CARE AAA; Stable (05-Jan-21)

						(13-Jan-23) 3)CARE AAA; Stable (28-Nov-22) 4)CARE AAA; Stable (07-Apr-22)		
8	Bonds-Tier I Bonds	LT	7000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (10-Feb-23) 2)CARE AA+; Stable (13-Jan-23) 3)CARE AA+; Stable (28-Nov-22) 4)CARE AA+; Stable (07-Apr-22)	1)CARE AA+; Stable (21-Mar-22) 2)CARE AA+; Stable (04-Jan-22)	1)CARE AA+; Stable (29-Jan-21) 2)CARE AA+; Stable (05-Jan-21)
9	Bonds-Tier II Bonds	LT	10000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Feb-23) 2)CARE AAA; Stable (13-Jan-23) 3)CARE AAA; Stable (28-Nov-22)	1)CARE AAA; Stable (21-Mar-22) 2)CARE AAA; Stable (04-Jan-22)	1)CARE AAA; Stable (29-Jan-21) 2)CARE AAA; Stable (05-Jan-21)

						4)CARE AAA; Stable (07-Apr-22)		
10	Bonds-Tier I Bonds	LT	5000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (10-Feb-23) 2)CARE AA+; Stable (13-Jan-23) 3)CARE AA+; Stable (28-Nov-22) 4)CARE AA+; Stable (07-Apr-22)	1)CARE AA+; Stable (21-Mar-22)	-
11	Bonds-Infrastructure Bonds	LT	5000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Feb-23) 2)CARE AAA; Stable (13-Jan-23) 3)CARE AAA; Stable (28-Nov-22) 4)CARE AAA; Stable (07-Apr-22)	1)CARE AAA; Stable (21-Mar-22)	-
12	Bonds-Tier II Bonds	LT	12000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Feb-23)	-	-

						2)CARE AAA; Stable (13-Jan-23) 3)CARE AAA; Stable (28-Nov-22)		
13	Bonds-Infrastructure Bonds	LT	20000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Feb-23)	-	-
14	Bonds-Tier I Bonds	LT	3000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (10-Feb-23)	-	-
15	Bonds-Tier II Bonds	LT	25000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Feb-23)	-	-
16	Commercial Paper	ST	75000.00	CARE A1+	-	-	-	-
17	Bank facilities-Term loan	LT/ST	150000.00	CARE AAA; Stable/ CARE A1+	-	-	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities

Additional Tier-I Bonds	Detailed explanation
Covenants	
Call option	After five years
Write-down trigger	There are two types of write-down triggers: 1. A 'Trigger Event' means that the Bank's CET-1 Ratio is: (i) if calculated at any time prior to March 31, 2019, at or below 5.5%; or (ii) if calculated at any time from and including March 31, 2019, at or below 6.125% (the "CET-1 Trigger Event Threshold") 2. PONV Trigger, in respect of the bank, means the earlier of: (i) a decision that a principal write-down, without which the bank would become non-viable, is necessary, as determined by the RBI; and (ii) the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the RBI.
If write-down, full or partial	Full or partial

Additional Tier-I Bonds	Detailed explanation
Covenants	
Call option	After five years
If write-down, permanent or temporary	In case of pre-specified trigger – permanent or temporary. In case of PONV Trigger – only permanent.
If temporary write-down, description of write-up mechanism	The instrument may be written-up (increase) back to its original value in future, depending upon the conditions prescribed in the terms and conditions of the instrument.

Tier II Bonds	Detailed explanation
Covenants	
Call option	Not Applicable
Write-down trigger	PONV Trigger, in respect of the bank means the earlier of: (i) a decision that a principal write-down, without which the bank would become non-viable, is necessary, as determined by the RBI; and (ii) the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the RBI.
If write-down, full or partial	Full or partial
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Infrastructure Bonds	Simple
2	Bonds-Lower Tier II	Complex
3	Bonds-Tier I Bonds	Highly Complex
4	Bonds-Tier II Bonds	Complex
5	Certificate Of Deposit	Simple
6	Fixed Deposit	Simple
7	Commercial paper	Simple
8	Bank facilities	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:
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