The Royal Bank of Scotland N.V. – Indian Branches
(Incorporated in the Netherlands with limited liability)

BASEL III – PILLAR III DISCLOSURES AS AT 30 June 2016

The Royal Bank of Scotland N.V. – Indian Branches ("The Bank") is subject to the Basel III framework with effect from 1 April 2013 as stipulated by the Reserve Bank of India (RBI). The Basel III framework consists of three-mutually reinforcing pillars:

(I) Pillar 1: Minimum capital requirements for credit risk, market risk and operational risk

(II) Pillar 2: Supervisory review of capital adequacy

(III) Pillar 3: Market discipline

Market discipline (Pillar 3) comprises disclosures on the capital adequacy and risk management framework of The Bank, India. These disclosures have been set out in the following sections.

The Basel III capital regulations were effective April 1 2013 as per RBI guidelines.

1. Scope of Application

The Pillar 3 disclosures, being published in accordance with the requirements of RBI for a branch of foreign bank, do not require the disclosures pertaining to the consolidation of entities.

Royal Bank of Scotland Group Pillar 3 disclosures are published in accordance with the requirements of the Capital Requirements Directive on the Group Investor relations website www.investors.rbs.com and should be read together with the Group Annual Report and Accounts.

2. Capital Structure

Summary information on main terms and conditions/features of capital instruments

The Bank's regulatory capital is classified for disclosure according to the RBI capital adequacy requirements. Common Equity Tier-I capital includes Interest free funds received from Amsterdam (Head Office), statutory reserves, other disclosed free reserves and capital reserves.

Additional Tier-I capital are borrowings from Amsterdam that comply with RBI regulations specified for Innovative Perpetual Debt Instruments. Innovative Perpetual Debt Instruments (IPDI) are perpetual in nature with a call option after the instrument has run for 10 years. Interest on these borrowings are payable semi-annually. Some of these borrowings have a step-up clause on interest rates ranging from 0 to 100 basis points. Capital eligible portion of IPDI is calculated as per RBI regulations.

Tier-II Capital includes general provision and loss reserve including provision on Unhedged Foreign Currency Exposure, investment reserve and borrowings from The Bank, Amsterdam that meets RBI regulations on Hybrid Capital. Tier-II Capital (Hybrid Capital) has an original maturity of 15 years with call option after 10 years. The interest on this borrowing is payable semi-annually and has a step-up clause on interest rates of 100 basis points.

The Bank has not borrowed any debt capital from Head office in the period April 2016 – June 2016.

3. Capital Adequacy

a. Capital Management

The Bank actively manages its capital position to ensure compliance with regulatory norms meeting current and future business needs in line with the Group's strategy.

Organisational set-up

The capital management framework of The Bank is administered by the India Asset Liability Committee (ALCO) and the India Governance and Control Committee (GCC) under the supervision of the Management Team Committee (MTCo).

Regulatory capital

The Bank is subject to the capital adequacy norms stipulated by the RBI guidelines on Basel III. The RBI guidelines on Basel III require The Bank to maintain a minimum ratio of total capital to risk weighted assets of 9.625%, with a minimum Tier-I capital adequacy ratio of 7% and Common equity capital adequacy ratio of 5.5%. The total capital adequacy ratio of the Bank at 30 June 2016 as per the RBI guidelines on Basel III is 35.76% with a Tier-I capital adequacy ratio of 30.39% and Common equity capital adequacy ratio including capital conservation buffer 28.46%.

Banks are required to maintain a capital conservation buffer of 0.625% for the year 2016 comprised of Common Equity Tier I capital above the regulatory minimum capital requirement of 9%. Under Pillar 1 of the RBI guidelines on Basel III, The Bank follows the Standardised Approach for credit risk, Standardised Duration method for market risk and Basic Indicator approach for operational risk.

Internal assessment of capital

Effective management of the Bank's capital is achieved by supervision of actual capital ratios and forecasting capital ratios over three year horizon. The Bank's capital management framework also includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually. The ICAAP encompasses capital planning for a three year time horizon, identification and measurement of material risks and the relationship between risk and capital.

The Bank's capital management framework is complemented by its risk management framework (detailed in the following sections), which includes a comprehensive assessment of material risks.

Stress testing which is a key aspect of the ICAAP and the risk management framework provides an insight on the impact of extreme but plausible scenarios on The Bank, India's risk profile and capital position. Based on the approved stress testing framework, The Bank conducts stress tests on its various portfolios and assesses the impact on its capital ratios and the adequacy of capital buffers for current and future periods. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions.

Monitoring and reporting

The Management maintains an active oversight over The Bank's capital adequacy levels. On a quarterly basis the capital adequacy position and the risk weighted assets as stipulated by RBI, are reported to the ALCO and MTCo

b. Capital requirements for various risk areas

As required by RBI guidelines on Basel III, The Bank's capital requirements as at 30 June 2016 have been computed using the Standardised Approach for credit risk, Standardised Duration method for market risk and Basic Indicator approach for operational risk. The minimum total capital required to be held is 9.625% for credit, market and operational risks. The actual position of various components of capital is given below:

DF-3: Capital Adequacy (Rs. in crore)

		30-June-2016
A	**Capital requirements for Credit Risk**	572
	Portfolios subject to standardised approach	572
	Securitisation exposures	
B	**Capital requirements for Market Risk**	171
	Standardised duration approach	
	Interest rate risk	106
	Foreign exchange risk	65
	Equity risk	
C	**Capital requirements for Operational risk**	
	Basic indicator approach	188
D	**Capital Adequacy Ratio of the Bank (%)**	35.76%
E	CET 1 capital ratio plus capital conservation buffer (%)	28.46%
F	Tier II capital ratio (%)	5.38%

Risk Management Framework:

As a financial intermediary, The Bank is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at The Bank is to identify measure, control and monitor as well as manage and report risks in a clear manner and that the policies and procedures established to address these risks are strictly adhered to.

The important aspects of The Bank's risk management are a robust risk approval mechanism, well defined processes and guidelines and an independent internal control mechanism. The risk approval mechanism covers all the key areas of risk such as credit, market and operational risk and is involved in quantification of these risks wherever possible for effective and continuous monitoring.

Measurement of risks for capital adequacy purposes

Under Pillar 1 of the extant RBI guidelines on Basel III, The Bank currently follows the Standardised approach for credit risk and Standardised Duration approach for market risk and Basic Indicator approach for operational risk.

Objectives and Policies

The Bank's risk management processes are guided by well defined global as well as local policies appropriate for various risk categories. There is an independent risk team that oversees this function whose oversight is by the regional and global risk offices with periodic independent risk reviews and internal audit reviews.

The risk appetite for the Bank in India is determined by the global risk committees based on inputs from the country management.

In addition to the risk management and compliance departments of the Bank, in India, the India Asset and Liability Committee (ALCO) and Governance and Control Committee (GCC) are involved in managing these risks within the Bank's guidelines and regulatory requirements.

The Group has global policies for Stress Testing to measure impact of adverse stress scenarios on the adequacy of capital which are implemented locally within the Bank.

Structure and Organisation

The Bank, India has well established processes for management of all material risks faced by it as outlined above and has a robust risk governance framework comprising of risk committees at the global, regional and India level.

The key components within The Bank's risk management framework include:

- Identification of all material risks that are relevant to the Bank, India covering all the current activities of the Bank as well as new products and initiatives
- Definition of relevant policies defined by the Head Office customised as required to suit local RBI regulations
- Measurement of its key material risks and performs stress testing to assess its position and response strategy in a stress scenario
- Having a robust control environment to monitor whether the various policies and limits are being adequately implemented
- Monitoring & reporting to the senior management on various material risks

The Bank's risk management framework is embedded in the business through the three lines of defence model supported by an appropriate level of investment in information technology and its people. The three lines of defence include the Business, Risk management department and Group Internal Audit. The Three Lines of Defence Policy Standard defines responsibilities and accountabilities of each unit. The three lines of defence are completely independent of each other. Business is independent of Risk which is independent from Group Internal Audit. The country Governance and Control Committee (GCC) and the ALCO detailed below are an important aspect of the risk management framework for the Bank.

The Cross Divisional GCC is the apex In-Country Risk Governance body established by the Country Executive to manage and oversee the country's aggregate risk exposure and to facilitate consolidated risk management for the RBS group franchise in India. The GCC meets monthly and the senior management of the Bank including heads of all the businesses, operations, support functions and risk functions, participate in the meeting. Cross divisional risk issues (ranging from exceptions to policies for IT and Retail & Commercial unit to large corporate risk issues) are tabled and taken to a resolution under the ambit of the country GCC.

Country ALCO is responsible for managing balance sheet risks within its scope and ensuring all related local regulatory requirements are met on a continual basis. The ALCO is a forum for discussion and making decisions on key strategic, financial, risk, control, operational and governance matters relating to the country's balance sheet, capital, liquidity and funding, non-traded interest rate risk and intra-group limits, subject to policies, limits and targets prescribed by RBS and APAC ALCO.

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The Bank, India has constituted the following senior management level committees from the perspective of risk governance at the India and Group level:

India Level

Committee	Responsibilities
Executive Committee (MTCO)	The India Management Committee (MTCO) is the highest in-country level decision-making forum which serves as the Local Advisory. The MTCO meets monthly and is responsible for all policy matters and periodic review of the same. It is chaired by the Country Executive and its members include the Head International Banking, Head Markets, Head Retail Banking, Chief Financial Officer, Chief Risk Officer, Head Compliance, Head Human Resources and COO.
Country GCC	The India Cross Divisional GCC is the apex in-country Governance & Controls body established by the Country Executive Committee (MTCo) to manage and oversee the country's aggregate risk exposure and to facilitate consolidated risk management for RBS locally. It is chaired by Country Executive with India Chief Risk Officer acting as the convener. Members of the GCC comprises of Divisional / Business Heads of Client Office, Trading, Retail, and support function (including risk).
Asset Liability Committee	India Asset Liability Committee (ALCO) is responsible for ensuring that all Balance Sheet related regulatory requirements outlined in ALCO Terms of reference as within its scope are met on a continual basis. The ALCO is a forum for discussion and making decisions on key strategic, financial, risk, control, operational and governance matters relating to the country's balance sheet, capital, liquidity and funding, non-traded interest rate risk and intra-group limits, subject to policies, limits and targets prescribed by the RBS and APAC ALCO. The members of the ALCO include the Country Executive, Chief Financial Officer, Chief Risk Officer, Head of Trading and Head of Sales, Head of Client office for North India, South India and West India, Country Market Risk Officer, Country Treasury Manager, and APAC Treasury representative , Head of Short term Markets, APAC, Head of IB, South India, Head of MNC Clients, India and Senior Economist, India have a standing invitation to attend the ALCO. A representative of Internal Audit has a right of attendance at the Country ALCO meetings.
Audit Committee	The India Bank Audit Committee (IAC) is established to manage and oversee the audit approach for the India Bank (Royal Bank of Scotland NV India branches). The standing agenda items for the quarterly IAC meetings include IA providing status on the audit reports issued, audits in progress and audits in plan with an up to date status on remediation status of the issues raised and summary of concurrent audit reports issued by Concurrent Auditors. The IAC is chaired by the Country Executive and meets quarterly. The members include Head-Sales and Trading, Head - Retail Banking, Chief Financial Officer, Chief Risk Officer, Head - Compliance, Head - Human Resources, Country Head of Operations, Head-Technology , Head-Legal and Head-Business Control Management, Head Transaction services, Head of Audit. The Chief of Internal Vigilance is invited to present the Frauds Identification, Classification & Reporting for the quarter.
IT Steering Committee (ITSCo)	IT Steering Committee is the governance forum operating at an executive level and focusing on priority setting, resource allocation and project tracking for all Technology related services for India Bank. This forum meets on a monthly/quarterly basis; it is chaired by the CIO and members include the Country executive, Chief Financial Officer, Chief Risk Officer, Business Heads, Compliance and Technology Tower Heads.
Information Security Committee (ISSC)	The Information Security Steering Committee (ISSC) is the apex in-country Governance & Controls body established by the Country Executive Committee. The ISSC meets quarterly and is responsible to devise strategies and policies for protection of all assets of The Royal Bank of Scotland N.V. India branches. (Including information, applications, infrastructure and people). It is chaired by the Country Executive and its members include the Head of Client Offices, North, South, West. Head of Sales & Head of Trading, Head Retail Banking, CRO, CFO, Head of Operations, Head of Operations Risk & Control, Head of Technology & CIO, Head of Advisory, Conduct & Regulatory Affairs, Head of Legal, Head of Capital Resolution (CR), Head Human Resources, Regional Information Security Officer.

Committee	**Responsibilities**
Customer Service Committee (CSC)	The Customer Service Committee (CSC) reviews and comments on activities to bring about ongoing improvements in the quality of customer service provided by the Bank. This committee presently meets quarterly and examines any issue having a bearing on the quality of customer service rendered. The agenda of the meeting includes update on agreed actionable of the last meeting, update on branch level customer service committee meeting, Complaint trends and Analysis, analysis of key categories of all client complaints to the committee members, update on implementation of all regulatory circulars related to customer service, update on service initiatives, if any. It is chaired by the Country Executive and its members include representatives from all other Business Units.
Corporate Social Responsibility Committee(CSR)	CSR Committee is setup to review, assess and formulate the Corporate Social responsibility needs and mandates of the India Bank, in alignment with CSR Bill and RBS Group 'Supporting Our Community' strategy. This committee meets quarterly and is responsible for providing recommendations to the Bank MTCo, with respect to the CSR activities and expenditures. The Committee is presently chaired by the Bank CFO and consists of at least 2 employees of RBS N.V., of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act (resident in India authorized to accept on behalf of the RBS NV service of process and any notices or other documents required to be served on the company) and any another member, as nominated by the Bank.
Outsourcing Committee	Outsourcing Committee (OSC) is the In-Country level forum to discuss and decide on any financial outsourcing by the Bank. This forum also serves as the Local Advisory on outsourcing. The OSC meets quarterly and prescribes the controls and processes required to meet RBS Group Policy Standard and RBI guidelines along with periodic review of the same. It is chaired by the Chief Risk Officer of the Bank and its members include the Head of Operations-India, Head of Ops Risk & Control, Head of Compliance, Chief Governance Officer
Returns and Governance Group (RGG)	RGG is created with a One point ownership within RBS India Branch for RBI's automated Data Flow (ADF) related automation and be the single point of contact for RBI from RBS India on ADF. Its chaired by CFO India. Key members include Head Of Ops, Chief Information Office and Business Control Manager. Currently meetings are held once in every calendar quarter.
Business Continuity Committee	The India Business Continuity Committee is setup to meet quarterly and its primary objective is to Steer Bank Business Continuity program. This committee review and drive Business Continuity plan maintenance and testing, promote awareness, review recovery strategies for critical business processes on a periodic basis in line with RBI Guidelines and Bank policy requirements. It is chaired by the Head - Business Resilience and its members include the Country Executive, CAO/COO, CIO, Chief Risk Officer, Head International Banking, Head Private Banking, Head Markets, Head Retail Banking, Head Commercial Banking, Head Human Resources, Head Legal and Head Compliance.

Group Level

Committee	Responsibilities
Group Board	The Group Board is the principal decision making forum for the company. It has overall responsibility for leading and controlling the company and is accountable to shareholders for financial and operational performance. The Board approves Group strategy and monitors performance.
Group Audit Committee	The Group Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Group. The committee also reviews accounting and financial reporting and regulatory compliance and the Group's system of internal controls along with monitoring the Group's processes for internal audit, risk management and external audit.
Board Risk Committee	The Board Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group and future risk strategy, including determination of risk appetite and tolerance.
Group Performance and Remuneration Committee	The Group Performance and Remuneration Committee is responsible for the overview of the Group's remuneration policy and remuneration governance framework, ensuring that remuneration arrangements are consistent with and promote effective risk management. The committee also makes recommendations to the Board on the remuneration arrangements for the executive directors.
Group Nominations Committee	The Group Nominations Committee is responsible for assisting the Board in the formal selection and appointment of directors having regard to the overall balance of skills, knowledge, experience and diversity on the Board. The committee also considers succession planning for the Chairman, Group Chief Executive and Non-executive Directors.
Group Sustainability Committee	The Group Sustainability Committee is responsible for overseeing and challenging how management is addressing sustainability and reputation issues relating to all stakeholder groups.
Executive Committee	The Executive Committee (MTCO) reports to Ross McEwan and is accountable to the Board. It meets bi-weekly and focuses on substantive business decisions cutting across issues of Group-wide significance.
Risk & Control Committee	The Risk & Control Committee inter alia oversees the risk framework within RBS NV India branch, monitors the actual risk profile and advises the Managing Board. Its scope is credit, market, operational and regulatory risk within RBS NV India branch.
Asset & Liability Management Committee (ALCO)	The Managing Board has delegated to the ALCO the responsibility for the management of capital, liquidity, non-traded interest rate risk and foreign exchange risk. This includes, among other tasks, responsibility for reviewing, approving and allocating balance sheet, capital, liquidity and funding limits.
Disclosure Committee	The Disclosure Committee advises and assists the Managing Board in fulfilling its responsibilities for overseeing the accuracy and timelines of public disclosures made by the company. This inter alia includes reviewing and advising on the adequacy of the design and establishment of controls and other procedures, including procedures currently used by RBS NV India branch in this respect.

4. Credit Risk

The Bank is exposed to credit risk in its lending operations. Credit risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Bank principally the failure to make required payments as per the terms and conditions of the contracts.

Credit Risk Management Policy

Credit risk considers the ability of a borrower or counter-party to honor commitments under an agreement as any such failure has an adverse impact on the Bank financial performance. The Bank in India is exposed to credit risk through its various lending activities such as funded facilities, non-funded facilities as well as hedging facilities.

The Bank's credit risk management process is independent of the business so as to protect integrity of the risk assessment process and decision making. The global as well as local policies guide the credit risk team to make informed decisions.

Credit risk in respect of exposures on corporate as well as micro, small and medium enterprises (MSME) is measured and managed at both individual counterparty level as well as at a portfolio level. Selected products

extended by the Bank in India are managed at the portfolio level, as the individual loans under product programs are guided by the product program with built in triggers. Credit rating tools are an integral part of risk-assessment of the corporate borrowers and different rating models are used for each segment that has distinct risk characteristics such as Large Corporate, Small and Medium Corporate, financial companies and project finance.

The credit rating tools use a combination of quantitative inputs and qualitative inputs to arrive at a 'point-in-time' view of the rating of counterparty. Each internal rating grade corresponds to a distinct probability of default. Model validation is carried out periodically at a global level by objectively assessing the accuracy and stability of ratings.

All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Besides this there are periodic risk migration analysis and early warning indicator (EWI) tracking.

Risk review involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.

Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimise the potential loss to the Bank.

The Bank controls and limits Concentration Risk by means of appropriate structural limits and borrower limits based on creditworthiness. The exposures to individual clients or counterparty group are based on the internal rating of the borrower as well as group-wide borrowing limits and capped by the regulatory ceiling.

Industry analysis plays an important part in assessing the Concentration Risk within the loan portfolio. Particular attention is given to industry sectors where The Bank believes there is a high degree of risk or potential for volatility in the future. The Bank has fixed internal limits for aggregate commitments to different sectors so that the exposures are evenly spread over various sectors.

Definition and classification of non-performing assets (NPAs)

RBI guidelines are adhered to while classifying advances into performing and non-performing advances (NPAs) as per RBI guidelines. NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

The asset classification

Standard: less than overdue & up to a maximum of 90days from thereon

Substandard: Overdue from the 91st day up to maximum one year from there,

Doubtful1: Substandard + up to maximum one year from there

Doubtful2: Substandard + > 1 year but up to maximum 3 years from there

Doubtful3: Substandard + > 3 years

Loss: Substandard + > 3 years

A loss asset is one where loss has been identified by the Bank, India or internal or external auditors or during RBI inspection but the amount has not been written off fully.

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank, India.

An NPA is defined as a loan or an advance where:

Interest and/or installment of principal remain overdue for more than 90 days in respect of a term loan. Any amount due to The Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by The Bank; if the interest due and charged during a quarter is not serviced fully within 90 days from the end of the quarter; the account remains 'out of order' in respect of an overdraft/cash credit facility.

An account is treated as 'out of order' if: the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days; or where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of the balance sheet; or credits in the account are not enough to cover the interest debited during the accounting period; or drawings have been permitted in the account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than three months old even though the unit may be working or the borrower's financial position is satisfactory; o the regular ad hoc credit limits have not been reviewed/renewed within 180 days from the due date/date of adhoc sanction. a bill purchased/discounted by the Bank remains overdue for a period of more than 90 days; interest and or installment of principal in respect of an agricultural loan remains overdue for two crop seasons for short duration crops and one crop season for long duration crops;

In respect of a securitisation transaction undertaken in terms of the RBI guidelines on securitisation, the amount of liquidity facility remains outstanding for more than 90 days;

In respect of derivative transactions, if the overdue receivables representing positive mark-to-market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

Restructured assets

The Bank, India would ensure that prudential guidelines in respect of income recognition, asset classification & provisioning (including restructuring of advances) as specified by the RBI from time to time at the minimum, should be adhered to at all times.

DF – 4: Credit Risk Exposures

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure (Rs. in crore)

	30-June-2016		
	Domestic	**Overseas**	**Total**
Fund Based	2,872	-	2,872
Non Fund Based	3,353	-	3,353
Total	**6,225**	**-**	**6,225**

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Industry distribution of exposures (Rs. in crore)

Industry Classification	30-June-16	
	Funded	**Non funded**
All Engineering	10	190
Basic Metal and Metal Products	690	58
Beverages (excluding Tea & Coffee) and Tobacco	-	3
Chemicals and Chemical Products (Dyes, Paints, etc.)	790	38
Construction	100	45
Food Processing	21	8
Gems and Jewellery	-	6
Glass & Glassware	6	0
Infrastructure	-	941
Mining and Quarrying	-	28
Other Industries	16	31
Paper and Paper Products	185	0
Residuary Other Advances	1,002	1,824
Rubber, Plastic and their Products	-	20
Vehicles, Vehicle Parts and Transport Equipments	50	161
Total	**2,872**	**3,353**

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Residual Contractual/Behavioural Maturities breakdown of Assets & Liabilities as at 30 June 2016 (Rs. in crore)

Particulars	Cash and Balance with RBI	Balances with Banks and Money at Call and Short Notice	Investment	Advances	Fixed assets	Other assets
Day 1	209	824	-	-	-	162
2 to 7 days	-	-	-	-	-	-
8 to 14 days	-	-	-	-	-	-
15 to 28 days	22	-	593	-	-	32
29 days to 3 months	3	-	1,539	-	-	14
Over 3 months to 6 months	2	-	634	6	-	9
Over 6 months to 12 months	4	1	1,396	-	-	78
Over 1 Year to 3 Years	18	-	2,322	2,224	-	64
Over 3 Years to 5 Years	67	-	-	-	-	234
Over 5 Years	187	-	-	6	13	635
Total	**512**	**826**	**6,484**	**2,238**	**13**	**1,226**

Movement of NPAs and Provision for NPAs (Rs. In crore)

	Particulars	30-June-2016
A	**Amount of NPAs (Gross)**	0
	Substandard	-
	Doubtful	0
	Loss	0
B	**Net NPAs**	-
C	**NPA Ratios**	
	Gross NPAs to gross advances (%)	0%
	Net NPAs to net advances (%)	0%
D	**Movement of NPAs (Gross)**	
	Opening balance	0
	Additions during the year	0
	Reductions during the year	(0)
	Closing balance	0
E	**Movement of Provision for NPAs**	
	Opening balance	0
	Provision made during the year	0
	Write – Offs/Write – Back of excess provision	0
	Closing balance	0

Non Performing investments (NPIs) and Provision for depreciation on NPIs – NIL

Movement of Specific and General Provisions as on 30 June 2016 (Rs. In crore)

Movement of Provisions	Specific Provision	General provision
(a) Opening Balance	0	209
(b) Provisions made during the year	0	(7)
(c) Write-off/write-back of excess provisions	0	-
(d) Adjustments/Transfers between provisions*	-	-
(e) Closing balance	**0**	**202**

General provision includes Standard asset provision and UHFCE provision

Details of write off's and recoveries that have been booked directly to the income statement as on 30 June 2016 (Rs. In crore)

Write offs that have been booked directly to the income statement	-
Recoveries that have been booked directly to the income statement	0.31

Major Industries break up of NPA as on 30 June 2016 (Rs. In crore)

Industry	Gross NPA
Other Industries	0
Total	**0**

Major Industries break up of Provision as on 30 June 2016 (Rs. In crore)

Industry	Specific Provision	General provision
Other Industries	0	202
Total	**0**	**202**

Major Industries breakup of specific provision and write-off's during the current period – For the financial year 30 June 2016 (Rs. In crore)

Industry	Provision	Write-offs
Chemical and Chemical Products	0	0
Textiles	0	0
Vehicles, Vehicle Parts and Transport Equipments	0	0
Other Industries	0	0
Engineering	0	0

Geography wise distribution of NPA and Provision as on 30 June 2016 (Rs. In crore)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	0	0	202
Overseas	-	-	-
Total	**0**	**0**	**202**

5. Credit Risk: Use of rating Agency under the Standardised approach

The Bank has not applied external ratings to its funded or non funded short-term and long-term instruments or bank facilities' and has treated them as unrated exposure.

DF – 5: Details of Gross credit risk exposure (Fund based and Non-fund based) based on Risk Weight (Rs. In crore)

	30-June-2016
Below 100% risk weight	3,867
100% risk weight	1,001
More than 100% risk weight	3,216
Deductions	
Investments in subsidiaries	-

6. Credit Risk Mitigation

The Bank, India uses various collaterals both financial and non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, National Saving Certificate (NSC), Kendriya Vikas Patra (KVP), Life Insurance Policy (LIP), while main non-financial collaterals include land and building, plant and machinery, residential and commercial property. The guarantees include those given by corporate, bank and personal guarantees.

The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and re-margining/revaluation frequency of the collateral.

DF – 6: Detail of total credit exposure position as on 30-June 2016 (Rs. In crore)

	30-June-2016
Covered by	
Financial collaterals	94
Guarantees	-

7. Securitisation

DF – 7: Securitisation

There were no securitisation transactions entered during the year (Previous year – Nil).

8. Market Risk in Trading Book

Market risk is the risk to the Bank, India's earnings and capital arising from changes in the market level of interest rates or prices of securities and foreign exchange rates. The Bank, India is exposed to market risk through its trading activities which are carried out for customers. The Bank, India adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. The policies require that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies contain the limit structure that governs transactions in financial instruments. The policies are reviewed periodically to incorporate changed business requirements, economic environment and changes in regulations.

The Market Risk Management function is responsible for identifying, measuring, monitoring and controlling the market risk arising from trading activities. Market risk exposures are monitored against limits and analysed daily. The Bank, India also periodically reports on the various investments and their related risk measures to the India MTCo, and submits the required reports to the regulator as per the regulatory reporting requirements.

The main market risk measures of the Bank, India are:

- Value at Risk ("VaR")
- Sensitivities to market risk factors (Delta, Gamma, Vega, PV01, etc)
- Loss Action Triggers ("LATs")
- Stress Tests

The market risks subject to capital requirements under Pillar 1 are primarily interest rate and foreign exchange in the trading book. Capital charge is calculated using the non-modelled approach, whereby regulator-prescribed rules are applied.

A full description of the Group's approach to market risk can be found in the Group's 2016 Annual Report and Accounts for market risk disclosure

DF – 8: Capital Requirement for Market Risk (Rs. In crore)

	Amount of Capital required
	30-June-2016
Interest rate risk	106
Foreign exchange risk (including gold)	65
Equity position risk	-

8. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, and systems or from external events. Operational Risk includes legal risk but excludes strategic and reputational risk. Operational Risk is an integral and unavoidable part of the Bank, India's business as it is inherent in the processes operating to provide services to customers and generate profit for shareholders.

The objective of the Bank's Operational Risk management is to manage and control operational risks in a cost effective manner within targeted levels of Operational Risk consistent with RBS risk appetite. The bank's policy is to maintain an Operational Risk management framework that enables the consistent identification, assessment, management, monitoring and reporting of operational risk, The Bank operates three lines of defense model which outlines the principles for the roles, responsibilities and accountabilities for operational risk management.

Operational Risk – Three lines of defence model

1st Line of Defence – Management & Supervision

The first line of defence includes customer franchises, Technology & Operations and the support aspects of functions such as HR, Communications and Financial MI. The first line of defence own and manage the risks within their business area.

First line responsibilities:

- Own, manage and supervise, within a defined Risk Appetite, the risks which exist in the business area and support functions
- Ensure appropriate controls are in place to mitigate risk: balancing control, cost, customer service and competitive advantage
- Ensure that the culture of the business supports balanced risk decisions and compliance with policy, laws and regulations
- Ensure that the business has effective mechanisms for identifying, reporting and managing risk and controls

2nd Line of Defence – Oversight & Control

The second line includes the Risk and Conduct and Regulatory Affairs, Legal, and the financial controller aspects of Finance. Working with the businesses and functions, the second line of defence develop the risk and control policies, limits and tools for the business to use to discharge its responsibilities. Additionally, they are responsible for overseeing and challenging the first line where necessary.

Second line responsibilities:

- Working with the businesses and functions to develop the risk and control policies, limits and tools for the business to use to discharge its responsibilities
- Oversee and challenge the effective management of risks and controls independently from the business
- Lead the articulation, design and development of the bank's risk culture and appetite
- Analyse the bank's aggregate risk profile and ensure that risks are being managed to the desired level (Risk Appetite)
- Provide expert advice to the business on risk management
- Provide senior executive with relevant management information and reports and escalate concerns where appropriate
- Undertake risk assurance

3rd Line of Defence – Internal Audit

Group Internal Audit provide independent assurance to the Management Committee on the quality and effectiveness of governance, risk management and internal controls to monitor, manage and mitigate the key risks in achieving the bank's objectives.

Third line responsibilities:

- Provide independent assurance over the key risks to the organisation, which includes an assessment of the entire control framework
- Hold RBS Risk Management accountable for establishing an appropriate risk management framework

With regards to the above framework, it must be noted that all the three lines of defence are completely independent of each other.

The Operational Risk Policy Standards provide the direction for delivering an effective operational risk management.

The objectives of the standards is to protect the Group from financial loss or damage to its reputation, its customers or staff and to ensure that it meets all necessary regulatory and legal requirements.

The standards are supported by several key operational risk management techniques such as:

1. Risk assessments: business units identify and assess operational risks to ensure that they are effectively managed, prioritised, documented and aligned to risk appetite;

2. Risk Event and Loss data management: each business unit's internal loss data management process captures all operational risk loss events above certain minimum thresholds. The data is used to enhance the adequacy and effectiveness of controls, identify emerging themes, enable formal loss event reporting and inform risk and control assessments and scenario analysis.

Escalation of individual events to senior management is determined by the seriousness of the event.

3. Risk Issues Management: This process ensures that operational risk issues are captured and classified consistently, and that there is robust governance over their closure and acceptance.

4. New products Risk assessment: This process ensures that all new products or significant variations to existing products are subject to a comprehensive risk assessment. Products are evaluated and approved by specialist areas and are subject to executive approval prior to launch; and Scope and nature of reporting and measurement systems

Reporting forms an integral part of operational risk management. The Group's risk management processes are designed to ensure that issues are identified, escalated and managed on a timely basis. Exposures for each division are reported through monthly risk issue reports, which provide detail on the risk issues and action plans.

Events that have a material, actual or potential impact on The Bank, India's finances, reputation or customers, are escalated and reported to divisional and Group executive.

Policies for mitigating risks

The objective of operational risk management is not to remove operational risk altogether, but to manage the risk to an acceptable level, taking into account the cost of minimising the risk with the resultant reduction in exposure. Strategies to manage operational risk include avoidance, transfer, acceptance and mitigation by controls.

Each business unit must manage its operational risk exposure within an acceptable level, testing the adequacy and effectiveness of controls and other risk mitigants regularly and documenting the results. Where unacceptable control weaknesses are identified, action plans must be produced and tracked to completion.

DF- 9: Approach for Operational Risk Capital Assessment

As per the RBI guidelines on Basel III, The Bank, India has adopted Basic Indicator approach for computing capital charge for operational risk. The capital required for operational risk at June 30,2016 was 188 crores.

9. Interest Rate Risk in the Banking Book (IRRBB)

Risk management framework for Interest Rate Risk in the Banking book (IRRBB) also referred as Non-Trading interest Rate Risk (NTIRR) covers the interest rate risk outside the interest rate trading business.

The branch holds various interest rate sensitive assets, liabilities and off balance sheet items linked to various benchmark interest rates and with different re-pricing and maturity dates. IRRBB or NTIRR arises where there is potential for changes in benchmark interest rates to result in a movement in bank's future income.

Governance framework

India ALCO is responsible for evolving appropriate systems and procedures for identification and analysis of various balance sheet risks including IRRBB or NTIRR and laying down parameters for efficient management of these risks. India ALCO comprises of senior management of The Bank and meets periodically. The ALCO focuses on setting interest rate risk appetite by setting limits on relevant indicators, which positively contributes to optimising the balance sheet structure and Net Interest Income (NII) over time, while limiting the susceptibility to interest changes. ALCO periodically monitors risk positions of the branch, ensures compliance with regulatory requirements and internal limits and provides strategic guidance for management of the IRRBB or NTIRR.

Measurement

The branch uses the following tools for managing interest rate risk:

- **Gap analysis:** The interest rate gap or mismatch risk is measured by calculating gaps over different time intervals as at a given date. This static analysis measure mismatches between rate sensitive liabilities (RSL) and rate sensitive assets (RSA). The report is prepared monthly by grouping rate sensitive assets, liabilities and off-balance sheet positions into time buckets according to their residual/behavioural maturities or next re-pricing periods. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The direction of the gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap helps in finding out the change in net interest income for any given interest rate shift.

- **Earnings at risk (EaR):** The interest rate gap report mentioned above indicates whether the branch is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by having a negative gap (RSL>RSA). EaR measures the change in NII over a one year time horizon for various levels of parallel shift in interest rates.

- **Economic value:** Change in the interest rates have a long-term impact on the capital position of the branch, as the economic value of the Branch's assets, liabilities and off-balance sheet positions get affected by these rate changes. The branch applies modified duration approach and monitors impact of various levels of parallel shift in interest rate curves on the capital position.

- **PV01:** PV01 measures the impact on economic value of a 1 basis point (0.01%) change in interest rates. The branch also uses PV01 limits to manage IRRBB or NTIRR.

Details of increase (decline) in earnings and economic value for upward and downward rate shocks, assuming parallel shift in the interest rate curves (basis points), based on the local currency positions are given below:

Earnings perspective (Rs. In crore) :

	30-June-16		31-March-16	
	-200	200	-200	200
INR	(49)	49	(83)	83
USD	(18)	18	(19)	19
GBP	0	(0)	0	(0)
EUR	0	(0)	0	(0)
JPY	22	(22)	20	(20)
RES	0	(0)	0	(0)
Total	**(45)**	**45**	**(82)**	**82**

Economic value perspective (Rs. In crore) :

	30-June-16		31-March-16	
	-200	200	-200	200
INR	(11)	11	(53)	53
USD	(1)	1	(2)	2
GBP	(0)	0	(0)	0
EUR	(1)	1	(3)	3
JPY	(10)	10	(13)	13
RES	(0)	0	(0)	0
Total	**(23)**	**23**	**(71)**	**71**

10. General Disclosure for Exposures Related to Counterparty Credit Risk

Methodology used to assign economic capital and credit limits for counterparty credit exposures

Counterparty credit risk is covered by the Group's credit risk framework and there are policies which apply to OTC derivatives and repo products addressing documentation requirements, product-specific requirements, counterparty specific requirements, issuer risk, margin trading, collateral etc.

Counterparty exposure is calculated per each Counterparty based on The Bank, India's approved exposure calculation methodology. The exposure takes into account of mark-to-market and potential future exposure of each trade, as well as Bank's netting/collateral opinion to the governing master agreement. Where there is a collateral agreement with clear collateral opinion in place, collateral held/posted is also used in the exposure calculation.

Policies for securing collateral and establishing credit reserves

The group credit policy framework governs counterparty credit risk management requirements where legal and administrative capacity of counterparties to enter into collateral agreement is assessed. The policy framework establishes minimum documentation requirements under collateral agreements including thresholds, minimum transfer amounts, haircuts, collateral eligibility criteria and collateral call frequency. Where netting and/or collateral enforceability criteria are not fulfilled, exposure is assumed to be un-collateralised.

Policies with respect to Wrong-way risk (WWR) exposures

Wrong-way risk exposures are also governed by the group policy framework. WWR arises when the risk factors driving the exposure to counterparty are adversely correlated with the creditworthiness of that counterparty, i.e. the size of the exposure increases at the same time as the riskiness of the counterparty increases. Bank recognises two different types of WWR – Specific WWR and General WWR.

Specific WWR arises when the exposure on transactions is by virtue of economic dependence or ownership i.e. 'self-referenced', to the counterparty. General WWR is further classified as (a) Currency Risk and (b) Correlation Risk. Currency risk arises when counterparty is correlated with a macroeconomic factor which also affects the exposure. Correlation Risk arises when the exposure on the transaction is correlated with the counterparty's creditworthiness for a reason that is specific to the counterparty. Bank monitors and manages the wrong-way risk in accordance with the group wide policy framework.

Collateral required in the event of a credit rating downgrade

The Group calculates the additional collateral it would be required to post in the event of its credit ratings being downgraded by one or two notches. This is undertaken on a daily basis for treasury and liquidity management purposes. The Bank follows the group-wide policy framework on collateral requirement in the event of credit rating downgrade.

(Rs. In crore)

Particulars	IRS/CCS/FRA	Options
Gross Positive Fair Value of Contracts	330	0
Netting Benefits	0	0
Netted Current Credit Exposure	330	0
Collateral held (e.g. Cash, G-sec, etc.)	0	0
Net Derivatives Credit Exposure	330	0
Exposure amount (under CEM)	1,030	0
Notional value of Credit Derivative hedges	0	0
Credit derivative transactions that create exposures to CCR	0	0

11. Composition of Capital

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,690		a
2	Retained earnings	25,839		b+c+d
3	Accumulated other comprehensive income (and other reserves)	0		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	0		
	Public sector capital injections grandfathered until 1 January 2018	0		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0		
6	Common Equity Tier 1 capital before regulatory adjustments	27,530		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0		
8	Goodwill (net of related tax liability)	0		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	3	0.67	e
10	Deferred tax assets	0		
11	Cash-flow hedge reserve	0		
12	Shortfall of provisions to expected losses	0		
13	Securitisation gain on sale	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0		
15	Defined-benefit pension fund net assets	0		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0		
17	Reciprocal cross-holdings in common equity	0		
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, India	0		
	Does not own more than 10% of the issued share capital(amount above 10% threshold)	0		

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
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)	0		
20	Mortgage servicing rights4 (amount above 10% threshold)	0		
21	Deferred tax assets arising from temporary differences5(amount above 10% threshold, net of related tax liability)	0		
22	Amount exceeding the 15% threshold6	0		
23	of which: significant investments in the common stock of financial entities	0		
24	of which: mortgage servicing rights	0		
25	of which: deferred tax assets arising from temporary differences	0		
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	0		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	0		
26b	of which: Investments in the equity capital of unconsolidated on-financial subsidiaries8	0		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0		
26d	of which: Unamortised pension funds expenditures	0		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	0		
	Of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	0		
	Of which: [INSERT TYPE OF ADJUSTMENT]	0		
	Of which: [INSERT TYPE OF ADJUSTMENT]	0		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0		
28	Total regulatory adjustments to Common equity Tier 1	3		
29	Common Equity Tier 1 capital (CET1)	27,527		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus	-		

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
	related stock surplus (31+32)			
31	Of which: Classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0		
32	Of which: Classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	1,861		f
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which: instruments issued by subsidiaries subject to phase out	-		
36	Additional Tier 1 capital before regulatory adjustments	1,861		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0		
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, India does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0		
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)10	0		
41	National specific regulatory adjustments (41a+41b)	0		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with The Bank, India	0		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	1		
	of which: Intangible	1		e
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	0		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0		
43	Total regulatory adjustments to Additional Tier 1 capital	1		

The Royal Bank of Scotland N.V. – Indian Branches
(Incorporated in the Netherlands with limited liability)

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
44	Additional Tier 1 capital (AT1)	1,860		
44a	Additional Tier 1 capital reckoned for capital adequacy11	1,860		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	29,387		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0		
47	Directly issued capital instruments subject to phase out from Tier 2	4,294		e
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)	0		
49	Of which: Instruments issued by subsidiaries subject to phase out	0		
50	Provisions	907		g+h
51	Tier 2 capital before regulatory adjustments	5,201		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0		
53	Reciprocal cross-holdings in Tier 2 instruments	0		
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, India does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0		
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0		
56	National specific regulatory adjustments (56a+56b)	0		
56a	Of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0		
56b	Of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with The Bank, India	0		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	0		
	Of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	0		

The Royal Bank of Scotland N.V. – Indian Branches
(Incorporated in the Netherlands with limited liability)

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
	Of which: [INSERT TYPE OF ADJUSTMENT	0		
57	Total regulatory adjustments to Tier 2 capital	0		
58	Tier 2 capital (T2)	5,201		
58a	Tier 2 capital reckoned for capital adequacy14	5,201		
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	5,201		
59	Total capital (TC = T1 + T2) (45 + 58c)	34,588		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	96,716		
	Of which: [INSERT TYPE OF ADJUSTMENT]			
	Of which:			
60	Total risk weighted assets (60a + 60b + 60c)	96,716		
60a	Of which: total credit risk weighted assets	59,421		
60b	Of which: total market risk weighted assets	17,759		
60c	Of which: total operational risk weighted assets	19,536		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	28.46%		
62	Tier 1 (as a percentage of risk weighted assets)	30.39%		
63	Total capital (as a percentage of risk weighted assets)	35.76%		
64	Institution specific buffer requirement (minimum CET1requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	0		
65	Of which: capital conservation buffer requirement	0		
66	Of which: bank specific countercyclical buffer requirement	0		
67	Of which: G-SIB buffer requirement	0		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	21.34%		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		

The Royal Bank of Scotland N.V. – Indian Branches
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Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.63%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	0		
73	Significant investments in the common stock of financial entities	0		
74	Mortgage servicing rights (net of related tax liability)	0		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	907		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	743		
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		
	Capital instruments subject to phase-out arrangements (only applicable between 31 March, 2017 and 31 March, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		
82	Current cap on AT1 instruments subject to phase out arrangements	NA		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA		
84	Current cap on T2 instruments subject to phase out arrangements	NA		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA		

* NA – Not Applicable

The Royal Bank of Scotland N.V. – Indian Branches
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Notes to the Template		
	Particular	**(Rs. in million)**
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability *	3
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	NA
	of which: Increase in Common Equity Tier 1 capital	NA
	of which: Increase in Additional Tier 1 capital	NA
	of which: Increase in Tier 2 capital	NA
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	NA
	(ii) Increase in risk weighted assets	NA
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	0
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0
50	Eligible Provisions included in Tier 2 capital	907
	Eligible Revaluation Reserves included in Tier 2 capital	0
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0

12. Composition of Capital – Reconciliation Requirements

	Particulars	Balance sheet as in financial statements As on 30 June 2016 (Rs. In Millions)	Reference No.
A	**Capital & Liabilities**		
i	Paid-up Capital	1,690	a
	Reserves & Surplus	26,229	
	Of which:		
	Statutory Reserves	8,353	b
	Capital Reserves	287	c
	Other Revenue reserves	17,674	d
	Investment fluctuation Reserve	164	g
	Balance in Profit/Loss account	208	
	Minority Interest	-	
	Total Capital	**27,919**	
ii	Deposits	52,141	
	Of which: Deposits from banks	1,853	
	Of which: Customer deposits	50,288	
	Of which: Other deposits (pl. specify)	-	
iii	Borrowings	16,854	
	I. Borrowings in India		
	Of which: From RBI	-	
	Of which: From banks	-	
	Of which: From other institutions & agencies	-	
	Of which: Others (pl. specify)	-	
	II. Borrowings outside India	16,854	
	Of which: Capital instruments	16,854	f
iv	Other liabilities & provisions	16,083	
	Of which: Provision for Standard Advances	2,020	h
	Total	**112,998**	

	Particulars	Balance sheet as in financial statements As on 30 June 2016 (Rs. In Millions)	Reference No.
B	**Assets**		
i	Cash and balances with Reserve Bank of India	5,125	
	Balance with banks and money at call and short notice	8,258	
ii	Investments:	64,843	
	Of which: Government securities	64,843	
	Of which: Other approved securities	-	
	Of which: Shares	-	
	Of which: Debentures & Bonds	-	
	Of which: Subsidiaries/Joint Ventures/Associates		
	Of which: Others (Commercial Papers, Mutual Funds etc.)	-	
iii	Loans and advances	22,380	
	Of which: Loans and advances to banks	-	
	Of which: Loans and advances to customers	22,380	
iv	Fixed assets	133	
v	Other assets	12,260	
	Of which: Goodwill and intangible assets		
	Of which: Deferred tax assets	1,878	e
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**112,998**	

13. Main Features Template

1	Issuer	NA
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	
	Regulatory treatment	
4	Transitional Basel III rules	Tier II
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/group & solo	NA
7	Instrument type	HO – Borrowings
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	4,294
9	Par value of instrument	4,294
10	Accounting classification	Liability – Borrowings
11	Original date of issuance	31st March, 2008
12	Perpetual or dated	Dated
13	Original maturity date	31st March, 2023
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	31st March, 2018, Loan Principal amount and Accrued Interest
16	Subsequent call dates, if applicable	31 March and/or 30 September every year after 31st March, 2018
	Coupons/dividends	Coupon
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	LIBOR+4.07%
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	Yes
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA

26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	No Basel III Loss Absorbency

1	Issuer	NA	NA
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument		
	Regulatory treatment		
4	Transitional Basel III rules	Additional Tier I	Additional Tier I
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at solo/group/group & solo	NA	NA
7	Instrument type	HO – Borrowings	HO – Borrowings
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	1,861	
9	Par value of instrument	1,861	
10	Accounting classification	Liability – Borrowings	Liability – Borrowings
11	Original date of issuance	13th March, 2008	19th December, 2006
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	NA	NA
14	Issuer call subject to prior supervisory approval	Yes	Yes

15	Optional call date, contingent call dates and redemption amount	13th September, 2018	21st December, 2016
16	Subsequent call dates, if applicable	13th March & 13th September after 1st call date	13th March & 13th September after 1st call date
	Coupons/dividends	Coupon	Coupon
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	LIBOR+1.4275%	LIBOR+4.2%
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	NA	NA
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non Cumulative	Non Cumulative
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to other Creditors	Subordinated to other Creditors
36	Non-compliant transitioned features	Yes	Yes
37	If yes, specify non-compliant features	No Basel III Loss Absorbency	No Basel III Loss Absorbency

14. Leverage Ratio

The Leverage ratio has been calculated using the definitions of capital and total exposure. The Bank's leverage ratio, calculated in accordance with the RBI guidelines is as follows:

Rs. in crores

Tier 1 Capital	2,939
Exposure Measure	13,979
Leverage Ratio	21.02%

<u>Disclosure Requirements for Remuneration</u>

In accordance with the requirements of the RBI circular DBOD No BC. 72/29.67.001/2011-12 dated 13 January 2012 the Bank has obtained a letter from its Head Office which states that the compensation policies in India including that for the CEO are in line with the Financial Stability Board (FSB) requirements.