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

BASEL III – PILLAR 3 DISCLOSURES AS AT 31 MARCH 2015

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 Background

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. 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 2014– March 2015.

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.

Organizational set-up

The capital management framework of The Bank is administered by the India Asset Liability Committee (ALCO) and the India Risk and Control Committee (RCC) under the supervision of the Executive 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 9.0%, 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 31 March 2015 as per the RBI guidelines on Basel III is 14.23% with a Tier-I capital adequacy ratio of 11.26% and Common equity capital adequacy ratio of 10.76%. Under Pillar 1 of the RBI guidelines on Basel III, The Bank follows the Standardized Approach for credit risk, Standardized 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 31 March 2015 have been computed using the Standardized Approach for credit risk, Standardized Duration method for market risk and Basic Indicator approach for operational risk. The minimum total capital required to be held at 9.00% for credit, market and operational risks is given below:

DF-3: CAPITAL ADEQUACY

(Rs. In crore)

		31-March-2015	31-March-2014
A	**Capital requirements for Credit Risk**	1,605	1,489
	Portfolios subject to standardized approach	1,605	1,489
	Securitisation exposures		
B	**Capital requirements for Market Risk**	261	327
	Standardized duration approach		
	Interest rate risk	207	273
	Foreign exchange risk	54	54
	Equity risk		
C	**Capital requirements for Operational risk**		
	Basic indicator approach	225	241
D	**Capital Adequacy Ratio of the Bank (%)**	14.23%	15.31%
E	CET 1 capital ratio (%)	10.76%	11.54%
F	Tier II capital ratio (%)	2.97%	3.38%

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 Standardized approach for credit risk and Standardized 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, India 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 Organization

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 Regional ALCO.

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
Management Team Committee (MTCo)	The India Management Team 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 of Trading & Sales, Head of Transaction Services, Head of Private Banking, Chief Financial Officer, Country Risk Officer, Head Compliance, Chief of Internal Vigilance, Head Human Resources, COO.
Country GCC	The Cross Divisional GCC is the apex In-Country Risk Governance body established by the Country Executive Committee to • Manage and oversee the country's aggregate risk exposure and to facilitate consolidated risk management for the RBS group locally regulated entities in the country, namely: RBS Bank Branch, RBS Financial Services (India) Pvt. Ltd., RBS Equities (India) Ltd. & RBS Corporate Finance India Pvt. Ltd. • Support the Regional & business line Committees/Boards & Country ExCo. as it discharges its responsibilities relating to internal control, financial reporting controls, risk assessment and regulatory compliance by providing a forum for these matters to be reviewed in detail • Confirm that the first line of defence and the risk management, audit and support functions are discharging their responsibilities and that they are operating adequately and effectively • Receive and consider an assessment (in the form of reviews, assurance, audits, etc) by the second & third line of defence of the status of the first line's management of governance & control in the business and take appropriate action. It is chaired by the Country Executive and convened by India Country Risk Officer. Members of the GCC comprises of Divisional/Business Heads: Markets, Corporate & Institutional Banking, Private Banking, Retail Banking, Business Banking, Commercial Banking, Business Services, ID&JG. Support Function (including Risk) and Group Internal Audit
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 RBS and APAC ALCO.
India Credit Forum (ICF)	ICF mechanism covers approvals/recommendations for all credits under C&IB and Microfinance businesses. ICF members include the senior officers based in India, from Origination/TPM and the CRO office with individual delegated credit authorities.
Audit Committee	The Audit Committee for the Bank is chaired by the Country Executive. Members include India MTCo and Group Internal Audit (GIA). Frequency of meetings is quarterly; however additional meetings can be convened as required. In the meetings, GIA presents to the committee inter alia, audit plan and achievement thereof, review of significant audit findings, and comment on future planned audits.

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 (ExCo) reports to Group CEO and is accountable to the Board. It meets bi-weekly and focuses on substantive business decisions cutting across issues of Group-wide significance.
Management Committee	The Management Committee (ManCo), comprising our major businesses and functional leaders, meets 3 - 4 times annually and is a vehicle for strategy and business performance review.
Risk & Control Committee	The Risk & Control Committee inter alia oversees the risk framework within THE BANK, monitors the actual risk profile and advises the Managing Board. Its scope is credit, market, operational and regulatory risk within the Bank.
Asset & Liability Management Committee (ALCO)	The Managing Board has delegated to the ALCO the responsibility for the management of capital, liquidity, 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 the Bank 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, 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, 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 monthly risk migration analysis and monthly watch list meetings.

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 minimize 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 Banka 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 securitization transaction undertaken in terms of the RBI guidelines on securitization, 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)

	31 March 2015			31 March 2014		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Fund Based	11,804		11,804	14,289	-	14,289
Non Fund Based	11,042		11,042	7,273	-	7,273
Total	**22,846**		**22,846**	**21,562**	**-**	**21,562**

Industry distribution of exposures

(Rs in crore)

Industry Classification	31-Mar-15		31-Mar-14	
	Funded	Non funded	Funded	Non funded
All Engineering	751	888	1,081	843
Basic Metal and Metal Products	129	9	86	99
Beverages (excluding Tea & Coffee) and Tobacco	467	28	-	203
Cement and Cement Products	-	2	-	-
Chemicals and Chemical Products (Dyes, Paints, etc.)	769	250	988	393
Construction	60	107	366	301
Food Processing	237	103	282	40
Gems and Jewellery	3,767	77	4,517	23
Glass & Glassware	-	60	-	
Infrastructure	777	1,648	555	1,276
Leather and Leather products	-	-	-	-
Mining and Quarrying	14	28	7	-
Other Industries	405	367	2,121	3,843
Paper and Paper Products	68	-	218	125
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	-
Residuary Other Advances	3,858	7217	62	-
Rubber, Plastic and their Products	10	98	88	34
Textiles	10	0	125	1
Vehicles, Vehicle Parts and Transport Equipments	482	160	619	92
Wood and Wood Products	-	-	-	-
Total	**11,804**	**11,042**	**11,115**	**7,273**

Residual Contractual Maturity breakdown of Assets as at 31 March 2015

(Rs. in crore)

Particulars	Deposit	Advances	Investment	Borrowings	FCY Asset	FCY Liabilities
Day 1	237	763	-	196	551	224
2 to 7 days	1,111	2,298	-	675	736	50
8 to 15 days	928	893	-	200	636	32
15 to 28 days	802	1,882	-	-	765	3
29 days to 3 months	1,656	1,894	560	219	625	231
Over 3 months to 6 months	370	883	410	-	240	16
Over 6 months to 12 months	712	226	200	-	-	32
Over 1 Year to 3 Years	4,676	2,292	2,104	426	790	1,607
Over 3 Years to 5 Years	21	9	1,372	911	-	914
Over 5 Years	-	11	-	-	823	424
Total	**10,513**	**11,151**	**4,646**	**2,627**	**5,166**	**3,533**

Residual Contractual Maturity breakdown of Assets as at 31 March 2014

(Rs. In crore)

Particulars	Deposit	Advances	Investment	Borrowings	FCY Asset	FCY Liabilities
Day 1	259	650	-	519	552	563
2 to 7 days	1,810	1,275	-	100	738	70
8 to 15 days	796	480	-	-	440	46
15 to 28 days	764	980	78	-	675	8
29 days to 3 months	1,988	4,438	623	-	855	368
Over 3 months to 6 months	580	1,140	-	-	454	193
Over 6 months to 12 months	449	724	505	-	8	38
Over 1 Year to 3 Years	4,952	1,434	1,684	197	1,540	1,628
Over 3 Years to 5 Years	28	7	2,344	829	-	830
Over 5 Years	-	7	204	-	57	-
Total	**11,626**	**11,135**	**5,438**	**1,645**	**5,319**	**3,744**

Movement of NPAs and Provision for NPAs

(Rs. in crore)

	Particulars	31-March-2015	31-March-2014
A	**Amount of NPAs (Gross)**	82	114
	Substandard	7	1
	Doubtful	17	89
	Loss	58	24
B	**Net NPAs**	6	(6)
C	**NPA Ratios**		
	Gross NPAs to gross advances (%)	0.73%	1.01%
	Net NPAs to net advances (%)	0.05%	-0.05%
D	**Movement of NPAs (Gross)**		
	Opening balance	114	280
	Additions during the year	7	16
	Reductions during the year	(39)	(182)
	Closing balance	82	114
E	**Movement of Provision for NPAs**		
	Opening balance	119	243
	Provision made during the year	3	1
	Write – offs/Write – back of excess provision	(46)	(125)
	Closing balance	76	119

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

5. Credit Risk: Use of rating Agency under the Standardized 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)

	31- March-2015	31- March-2014
Below 100% risk weight	8,096	8,684
100% risk weight	10,769	14,552
More than 100% risk weight	4,595	113
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 31 March 2015

(Rs. in crore)

	31- March-2015	31-March-2014
Covered by		
Financial collaterals	464	418
Guarantees		-

7. Securitization

DF – 7: Securitization

There were no securitization 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 both for customers and on a proprietary basis. 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 Bank uses various risk metrics, both statistical and non-statistical, including:

Non-statistical measures such as position, gaps and sensitivities

Value at risk (VaR)

The Bank has set in place Value at Risk (VaR) limits, which are based on the Historical Simulation Method to control and monitor market risk. Daily reports are made available through the risk management systems for monitoring these exposures. In addition to these limits, stress and scenario analysis are undertaken to evaluate shock impacts

The Bank periodically reports on the various investments and their related risk measures to the India MTCo. The Bank also periodically submits the required reports to the regulator as per the regulatory reporting requirements.

A fuller description of the Group's approach to market risk can be found in the Group's 2015 Annual Report and Accounts for market risk disclosure.

DF – 8: Capital Requirement for Market Risk

	Amount of Capital required	Amount of Capital required
	31-March-2015	31-March-2014
Interest rate risk	207	273
Foreign exchange risk (including gold)	54	54
Equity position risk		

9. 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. To ensure appropriate responsibility is allocated for the management, reporting and escalation of operational risk, The Bank operates three lines of defense model which outlines principles for the roles, responsibilities and accountabilities for operational risk management.

Operational Risk – three lines of defense 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
- 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 functions and the financial aspects of Finance. The second line of defence oversees and/or develops the risk and control frameworks. Additionally, they are responsible for policy setting; approvals of client, transaction, product and process decisions; oversee and challenge the first line where necessary.

Second line responsibilities:

- Own and 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 design, development and communication 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 support and advice to the business on risk management
- Provide senior executive with relevant management information and reports and escalate concerns where appropriate
- Undertake risk-based, proportionate assurance

3rd Line of Defence - Internal Audit

Group Internal Audit provide assurance to the Group Audit Committee and senior executive that the main business risks have been identified and that effective controls are in place to manage these risks.

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 effective operational risk management.

They comprise principles and processes that enable the consistent identification, assessment, management, monitoring and reporting of operational risk across the Group. 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 of which the Bank, India applies the following techniques:

1. Risk assessments: business units identify and assess operational risks to ensure that they are effectively managed, prioritized, 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.

Operational loss events are categorized under the following headings:

Clients, products and business practices;

Technology and infrastructure failures;

Employment practices and workplace safety;

Internal fraud;

External fraud;

Execution, delivery and process management;

and Disaster and public safety

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 approval process: 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 minimizing 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 March 31, 2015wasRs. 225 crores.

10. Interest Rate Risk in the banking Book (IRRBB)

Interest Rate Risk in the Banking Book

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 branch 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 residual/behavioural maturity or next re-pricing period. 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 reports mentioned above indicate 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 as are given below

Earnings perspective:

(Rs. in crore)

	31-March-15		31-March-14	
	-200	200	-200	200
INR	(19)	19	(9)	9
USD	(52)	52	(63)	63
GBP	0	0	1	(1)
EUR	0	0	(1)	1
JPY	8	(8)	8	(8)
RES	0	0	0	(0)
Total	**(63)**	**63**	**(64)**	**64**

Economic value perspective:

(Rs. in crore)

	31-March-15		31-March-14	
	-200	200	-200	200
INR	(4)	4	39	(39)
USD	30	(30)	17	(17)
GBP	(1)	1	(0)	0
EUR	(5)	5	(5)	5
JPY	(9)	9	(9)	9
RES	(0)	0	(7)	7
Total	**11**	**(11)**	**34**	**(34)**

11. 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-collateralized.

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 recognizes 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.

Particulars	IRS/CCS/FRA	OPTIONS
Gross Positive Fair Value of Contracts	1,177	3
Netting Benefits	0	0
Netted Current Credit Exposure	1,177	3
Collateral held (e.g. Cash, G-sec, etc.)	0	0
Net Derivatives Credit Exposure	1,177	3
Exposure amount (under CEM)	3,543	61
Notional value of Credit Derivative hedges	0	0
Credit derivative transactions that create exposures to CCR	0	0

12. 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	26,024		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	27,714		
	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)	0		
10	Deferred tax assets 2	1,416	944	e
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		

Sr. No.	Particular	Amount *(Rs. In millions)*	Amounts Subject to Pre-Basel III Treatment	Ref No.
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		
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	1,416		

Sr. No.	Particular	Amount *(Rs. In millions)*	Amounts Subject to Pre-Basel III Treatment	Ref No.
29	Common Equity Tier 1 capital (CET1)	26,298		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus 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	2,171		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	2,171		
	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	944		
	of which: DTA	944		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	944		

Sr. No.	Particular	Amount *(Rs. In millions)*	Amounts Subject to Pre-Basel III Treatment	Ref No.
44	Additional Tier 1 capital (AT1)	1,227		
44a	Additional Tier 1 capital reckoned for capital adequacy11	1,227		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	27,525		
	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	5,010		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	Provisions12	2,251		g+h
51	Tier 2 capital before regulatory adjustments	7,261		
	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		
	of which: [INSERT TYPE OF ADJUSTMENT	0		
57	Total regulatory adjustments to Tier 2 capital	0		
58	Tier 2 capital (T2)	7,261		
58a	Tier 2 capital reckoned for capital adequacy14	7,261		

Sr. No.	Particular	Amount *(Rs. In millions)*	Amounts Subject to Pre-Basel III Treatment	Ref No.
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	7,261		
59	Total capital (TC = T1 + T2) (45 + 58c)	34,786		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	244,417		
	of which: [INSERT TYPE OF ADJUSTMENT]			
	Of which:			
60	Total risk weighted assets (60a + 60b + 60c)	244,417		
60a	of which: total credit risk weighted assets	190,345		
60b	of which: total market risk weighted assets	29,044		
60c	of which: total operational risk weighted assets	25,028		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.76%		
62	Tier 1 (as a percentage of risk weighted assets)	11.26%		
63	Total capital (as a percentage of risk weighted assets)	14.23%		
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)	5.60%		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
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)	9.00%		
	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		

Sr. No.	Particular	Amount *(Rs. In millions)*	Amounts Subject to Pre-Basel III Treatment	Ref No.
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)	2,251		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,379		
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

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	2,360
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	2,251
	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

13. Composition of Capital – Reconciliation Requirements

	Particulars	Balance sheet as in financial statements As on 31 March 2015 (Rs. In Millions)	Reference No.
A	**Capital & Liabilities**		
i	Paid-up Capital	1,690	a
	Reserves & Surplus	27,033	
	of which :		
	Statutory Reserves	8,280	b
	Capital Reserves	224	c
	Other Revenue reserves	17,520	d
	Investment fluctuation Reserve	164	g
	Balance in Profit/Loss account	846	
	Minority Interest	-	
	Total Capital	28,723	
ii	Deposits	105,127	
	of which: Deposits from banks	1,860	
	of which: Customer deposits	103,268	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	26,267	
	I. Borrowings in India		
	of which: From RBI	2,300	
	of which: From banks	3,000	
	of which: From other institutions & agencies	3,446	
	of which: Others (pl. specify)	-	
	II. Borrowings outside India	17,521	
	of which: Capital instruments	13,374	f
iv	Other liabilities & provisions	30,076	
	of which : Provision for Standard Advances	2,087	h
	Total	**190,193**	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	9,969	
	Balance with banks and money at call and short notice	1,101	
ii	Investments:	46,463	
	of which: Government securities	46,463	
	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.)	-	

	Particulars	Balance sheet as in financial statements As on 31 March 2015 (Rs. In Millions)	Reference No.
iii	Loans and advances	111,507	
	of which: Loans and advances to banks	12	
	of which: Loans and advances to customers	111,495	
iv	Fixed assets	624	
v	Other assets	20,529	
	of which: Goodwill and intangible assets		
	of which: Deferred tax assets	2,295	e
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**190,193**	

14. 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)	5,010
9	Par value of instrument	5,010
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)	2,171	
9	Par value of instrument	2,171	2,171
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