NatWest Markets Plc - India Branch

(Formerly known as The Royal Bank of Scotland plc - India Branch)

(Incorporated in Scotland with Limited Liability)

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF EXECUTIVE OFFICER

NatWest Markets Plc – India Branch (Formerly known as The Royal Bank of Scotland plc – India Branch)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NatWest Markets Plc – India Branch (Formerly known as The Royal Bank of Scotland plc – India Branch) ("the Bank"), which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account, Cash Flow Statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 and 2.1 of Schedule 17 and Note 2.19 of Schedule 18 to the financial statements which states that the Bank has filed an application with the Reserve Bank of India ("RBI") to shut down its banking business and operation with effect from December 31, 2019 and to surrender its banking license in India. Accordingly, the Bank will cease to be a going concern and consequently the financial statements are prepared under liquidation basis of accounting.

Our opinion is not modified in respect of this matter.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Bank's Management Team Committee is responsible for the other information. The other information comprises the Pillar 3 Disclosure.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those charged with Governance for Financial Statements

The Bank's Management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act and the Banking Regulation Act, 1949 and circulars, guidelines and directions (the "RBI Guidelines") issued by the Reserve Bank of India from time to time as applicable to Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Bank's ability to continue as a going concern. The Bank has filed an application with the RBI to shut down its banking business and operation with effect from December 31, 2019 and to surrender its banking license in India. Accordingly, the financial statements of the Bank as on March 31, 2021 has been prepared on liquidation basis, as the Bank ceases to be a going concern.

The Management Team Committee is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. As we have concluded that a material uncertainty exists, as the management of the Bank has filed an application with the RBI to close down its banking business and operation w.e.f. from December 31, 2019 and surrender its banking license in India, we have drawn attention in our auditor's report with respect to the fact that the Bank ceases to be a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. As required by sub-section 3 of Section 30 of the Banking Regulation Act, 1949, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
   b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;
   c) Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally at Mumbai as all the necessary records and data required for the purposes of our audit are available therein.
3. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
   c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;
   e) The requirement of Section 164(2) of the Companies Act, 2013 are not applicable to the Bank considering it is a branch of NatWest Group Plc, which is incorporated with limited liability in Scotland;
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

      The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Companies Act, 2013 do not apply; and
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
      i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12(I) to the financial statements.
      ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration Number: 105047W

Sd/-

Swapnil Kale

Partner

Membership Number: 117812

UDIN: 21117812AAAAFZ2161

Mumbai, May 27, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NatWest Markets Plc– INDIA BRANCH (FORMERLY KNOWN AS THE ROYAL BANK OF SCOTLAND PLC – INDIA BRANCH)

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of NatWest Markets Plc – India Branch (Formerly known as The Royal Bank of Scotland plc – India Branch) ("the Bank") on the Financial Statements for the year ended March 31, 2021]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of NatWest Markets Plc – India Branch (Formerly known as The Royal Bank of Scotland plc – India Branch) ("the Bank") as of March 31, 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI") (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls With reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration Number: 105047W

Sd/-

Swapnil Kale

Partner

Membership Number: 117812

UDIN: 21117812AAAAFZ2161

Mumbai, May 27, 2021

BALANCE SHEET AS AT 31 MARCH 2021

	Schedules	As at 31 March 2021 Rs. in 000's	As at 31 March 2020 Rs. in 000's
CAPITAL AND LIABILITIES			
CAPITAL	1	28,028,210	28,028,210
RESERVES AND SURPLUS	2	(1,810,873)	(2,076,451)
DEPOSITS	3	-	-
BORROWINGS	4	16,495,444	17,071,916
OTHER LIABILITIES AND PROVISIONS	5	4,830,311	4,844,313
TOTAL		**47,543,092**	**47,867,988**
ASSETS			
CASH AND BALANCES WITH THE			
RESERVE BANK OF INDIA	6	1,243,732	1,063,911
BALANCES WITH BANKS AND MONEY			
AT CALL AND SHORT NOTICE	7	220,961	516,093
INVESTMENTS	8	41,919,291	41,811,081
ADVANCES	9	-	-
FIXED ASSETS	10	50,001	69,158
OTHER ASSETS	11	4,109,107	4,407,745
TOTAL		**47,543,092**	**47,867,988**
CONTINGENT LIABILITIES	12	659,201	717,221
BILLS FOR COLLECTION		16,159,271	16,473,408
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	17 & 18		

Schedules referred to herein form an integral part of the Balance Sheet

The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached.

For MSKA & Associates	**For NatWest Markets Plc - India Branch (Formerly known as The Royal Bank of Scotland plc - India Branch)**	
Chartered Accountants		
ICAI Firm Registration Number : 105047W		
Sd/-	**Sd/-**	**Sd/-**
Swapnil Kale	**Kapil Mathur**	**Mithra Engineer**
Partner	**Country Executive**	**Chief Financial Officer**
Membership Number : 117812	**Gurugram, 27 May 2021**	**Mumbai, 27 May 2021**
Mumbai, 27 May 2021		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

		Schedules	For the year ended 31 March 2021 Rs. in 000's	For the year ended 31 March 2020 Rs. in 000's
I	**INCOME**			
	INTEREST EARNED	13	1,688,646	1,941,851
	OTHER INCOME	14	13,586	11,560
	TOTAL		1,702,232	1,953,411
II	**EXPENDITURE**			
	INTEREST EXPENDED	15	105,402	733,959
	OPERATING EXPENSES	16	871,237	1,624,567
	PROVISIONS AND CONTINGENCIES (Refer Schedule 18-1.21)		460,015	(70,736)
	TOTAL		1,436,654	2,287,790
III	**PROFIT**			
	NET PROFIT FOR THE YEAR (Refer Schedule 18-2.10)		265,578	(334,379)
	TOTAL		265,578	(334,379)
IV	**APPROPRIATIONS**			
	TRANSFER TO STATUTORY RESERVE		66,395	-
	TRANSFER TO CAPITAL RESERVE		-	-
	INVESTMENT RESERVE (Refer Schedule 18-2.16)		-	-
	BALANCE CARRIED FORWARD TO BALANCE SHEET		199,183	(334,379)
	TOTAL		265,578	(334,379)
	SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	17 & 18		

Schedules referred to herein form an integral part of the Profit and Loss Account

The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached.

For MSKA & Associates	**For NatWest Markets Plc - India Branch (Formerly known as The Royal Bank of Scotland plc - India Branch)**	
Chartered Accountants		
ICAI Firm Registration Number : 105047W		
Sd/-	**Sd/-**	**Sd/-**
Swapnil Kale	**Kapil Mathur**	**Mithra Engineer**
Partner	**Country Executive**	**Chief Financial Officer**
Membership Number : 117812	**Gurugram, 27 May 2021**	**Mumbai, 27 May 2021**
Mumbai, 27 May 2021		

CASH FLOW STATEMENT

	Year ended 31 March 2021 (Rs. in 000's)	Year ended 31 March 2020 (Rs. in 000's)
Cash flows from Operating Activities		
Net Profit before taxes	727,084	(408,681)
Adjustment for		
Depreciation on Bank's property	19,157	40,703
Depreciation on Investments	-	-
Provision towards NPAs (net of write backs)	-	-
Bad Debts written off	-	-
Provision/(write back) on standard assets including Unhedged Foreign Currency Exposure	-	-
(Profit)/Loss on sale of Fixed Assets	(43)	-
Provision for Country Risk Exposures	(1,491)	3,566
Operating cash flow before changes in working capital	**744,707**	**(364,412)**
Changes in working capital		
Increase/ (Decrease) in Other Liabilities and Provisions	(10,547)	234,099
(Decrease) in Deposits	-	(315,648)
(Increase) / Decrease in Investments	(108,210)	(640,887)
Decrease in Other Assets	815,676	740,567
Total of changes in working capital	**696,919**	**18,131**
	1,441,626	**(346,281)**
Taxes (paid)/Refund	(980,508)	(251,037)
Net cash from / (used in) Operating Activities	**461,118**	**(597,318)**
Cash flows from Investing Activities		
Proceeds from sale of Fixed Assets	43	-
Net cash from / (used in) Investing Activities	**43**	**-**
Cash flows from Financing Activities:		
Other Borrowings (from Head office)	(576,472)	1,468,819
Profit remitted to Head Office during the year	-	(690,624)
Net cash from / (used in) Financing Activities	**(576,472)**	**778,195**
Net Increase / (Decrease) in cash and cash equivalents	**(115,311)**	**180,877**
Cash and cash equivalents as at April 1	1,580,004	1,399,127
Cash and cash equivalents as at March 31	**1,464,693**	**1,580,004**
	(115,311)	**180,877**

Notes to the Cash flow statement:

Cash and cash equivalents includes the following :

	31 March 2021 (Rs. in 000's)	31 March 2020 (Rs. in 000's)
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	1,243,732	1,063,911
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	220,961	516,093
	1,464,693	**1,580,004**

The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard 3 specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

As per our report of even date attached.

For MSKA & Associates	**For NatWest Markets Plc - India Branch (Formerly known as The Royal Bank of Scotland plc - India Branch)**	
Chartered Accountants		
ICAI Firm Registration Number : 105047W		
Sd/-	**Sd/-**	**Sd/-**
Swapnil Kale	**Kapil Mathur**	**Mithra Engineer**
Partner	**Country Executive**	**Chief Financial Officer**
Membership Number : 117812	**Gurugram, 27 May 2021**	**Mumbai, 27 May 2021**
Mumbai, 27 May 2021		

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2021

		As at 31 March 2021 Rs. in 000's	As at 31 March 2020 Rs. in 000's
SCHEDULE 1 - CAPITAL			
I	Amount of Deposit kept with the Reserve Bank of India under Section 11(2)(b) of the Banking Regulation Act,1949	9,000,000	9,000,000
II	Head Office Account	28,028,210	28,028,210
	TOTAL	**28,028,210**	**28,028,210**
SCHEDULE 2 - RESERVES AND SURPLUS			
I	Statutory Reserve		
	(Under Section 11(2)(b)(ii) of the Banking Regulation Act,1949)		
	Opening balance	234,977	234,977
	Additions during the year (Refer Schedule 18-2.16)	66,395	-
	Closing balance	301,372	234,977
II	Capital Reserve		
	Opening balance	14,307	14,307
	Additions during the year	-	-
	Closing balance	14,307	14,307
II	Investment Reserves		
	Opening balance	6,321	6,321
	Additions during the year (Refer Schedule 18-2.16)	-	-
	Closing balance	6,321	6,321
III	Balance of Profit and Loss Account		
	Opening balance	(2,332,056)	(1,307,053)
	Additions during the year	199,183	(334,379)
	Profit remitted to Head Office during the year	-	(690,624)
	Closing balance	(2,132,873)	(2,332,056)
	TOTAL	(1,810,873)	(2,076,451)

NMP/01/JUNE/21

NatWest Markets Plc - India Branch

(Formerly known as The Royal Bank of Scotland plc - India Branch)

(Incorporated in Scotland with Limited Liability)

	As at 31 March 2021 Rs. in 000's	As at 31 March 2020 Rs. in 000's
SCHEDULE 3 - DEPOSITS		
A. I Demand deposits		
i) From banks	-	-
ii) From others	-	-
II Savings bank deposits	-	-
III Term Deposits		
i) From banks	-	-
ii) From others	-	-
TOTAL	-	-
B.i) Deposits of branches in India	-	-
ii) Deposits of branches outside India	-	-
TOTAL	-	-
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other banks	-	-
iii) Other institutions and agencies	-	-
II Borrowings outside India		
i) From banks	-	-
ii) From others	16,495,444	17,071,916
TOTAL	16,495,444	17,071,916
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	-	-
II Interest accrued	22,390	40,270
III Provisions on Standard Assets (Refer Schedule 18-1.13)	-	-
IV Provisions for Country Risk Exposures (Refer Schedule 18-1.20)	41,338	42,829
IV Deferred tax liability (Refer Schedule 18-2.8)	-	1,964
V Others (including provisions)	4,766,583	4,759,250
TOTAL	4,830,311	4,844,313
SCHEDULE 6 - CASH AND BALANCES WITH THE RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	-	-
II Balances with the Reserve Bank of India		
i) In current accounts	843,732	793,911
ii) In other accounts	400,000	270,000
TOTAL	1,243,732	1,063,911
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with banks		
a) In current accounts	204,536	384,938
b) In other deposit accounts	75	75
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	99,866
	204,611	484,879
II Outside India		
i) In current accounts	16,350	31,214
ii) Deposit accounts	-	-
iii) Money at call and short notice	-	-
	16,350	31,214
TOTAL	220,961	516,093
SCHEDULE 8 - INVESTMENTS		
I Investments in India		
i) Government Securities (Refer Schedule 18-2.2)	25,399,965	24,709,988
ii) Other Approved Securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	-	-
v) Subsidiaries and Joint Ventures	-	-
vi) Others	-	-
	25,399,965	24,709,988
II Investments outside India	16,519,326	17,101,093
TOTAL	41,919,291	41,811,081
Gross Investments	41,919,291	41,811,081
Less : Provision for dimunition in value	-	-
TOTAL	41,919,291	41,811,081
SCHEDULE 9 - ADVANCES		
A i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	-	-
iii) Term loans	-	-
TOTAL	-	-
B i) Secured by tangible assets	-	-
ii) Covered by bank / government guarantees	-	-
iii) Unsecured	-	-
TOTAL	-	-
C I Advances in India		
i) Priority sector	-	-
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	-	-
TOTAL	-	-
C II Advances Outside India	-	-
TOTAL	-	-
SCHEDULE 10 - FIXED ASSETS		
I Premises		
At Book Value		
Beginning of the year	129,700	129,700
Additions during the year	-	-
Deductions during the year	-	-
	129,700	129,700
Depreciation to Date		
Beginning of the year	60,700	21,056
Additions during the year	19,000	39,644
Deductions during the year	-	-
	79,700	60,700
	50,000	69,000
II **Other fixed assets** (Refer Schedule 18-2.11) (including furniture & fixtures and software)		
At Book Value		
Beginning of the year	247,414	248,095
Additions during the year	-	-
Deductions during the year	(11,334)	(681)
	236,080	247,414
Depreciation to Date		
Beginning of the year	247,256	246,878
Additions during the year	157	1,059
Deductions during the year	(11,334)	(681)
	236,079	247,256
	1	158
TOTAL	50,001	69,158
SCHEDULE 11 - OTHER ASSETS		
I Interest accrued	14,514	20,180
II Advance tax and tax deducted at source (net of provision for tax)	1,622,576	1,105,538
III Others	2,472,017	3,282,027
TOTAL	4,109,107	4,407,745

SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts (including tax matters)	-	53,397
II Liability on account of outstanding derivative contracts (including Forward rate agreements, Interest rate swaps, Currency swaps and Options)	-	-
III Liability on account of outstanding foreign exchange contracts	-	-
IV Guarantees given on behalf of constituents (Refer Schedule 18-2.20)		
i) In India	-	4,227
ii) Outside India	-	-
V Other items for which the Bank is contingently liable	659,201	659,597
TOTAL	659,201	717,221

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Year ended 31 March 2021 Rs. in 000's	Year ended 31 March 2020 Rs. in 000's
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	-	-
II Income on investments	985,990	1,769,054
III Interest on balances with the Reserve Bank of India and other inter bank funds	17,714	21,889
IV Others	684,942	150,908
TOTAL	1,688,646	1,941,851
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	-	3,286
II Profit on sale of investments (net)	-	-
III Profit / (loss) on sale of land, buildings and other assets (net)	43	-
IV Profit / (loss) on exchange transactions (net) (includes profit / (loss) on derivative transactions (net))	1,472	8,274
V Miscellaneous income (includes recovery from written off debts)	12,071	-
TOTAL	13,586	11,560
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	-	4,882
II Interest on Reserve Bank of India / inter bank borrowings (Refer Schedule 18-2.7)	105,402	729,077
TOTAL	105,402	733,959
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provision for employees	535,452	1,371,874
II Rents, taxes and lighting	62,141	37,366
III Printing and stationery	503	1,513
IV Advertisement and publicity	665	4,470
V Depreciation on bank's property	19,157	40,703
VI Auditors' fees and expenses	1,900	2,600
VII Law charges	36,669	13,300
VIII Postage, telegrams and telephones	8,710	15,783
IX Repairs and maintenance	7,031	88,170
X Insurance	5,291	4,424
XI Other expenditure (Refer Schedule 18-2.4)	193,718	44,364
TOTAL	871,237	1,624,567

Schedule 17: Significant Accounting Policies

1. Background

The accompanying financial statements for the year ended 31 March 2021 comprise Balance Sheet as at 31 March 2021, Profit and Loss Account and Cash Flow Statement for the year ended 31 March 2021 of the NatWest Markets Plc – India branch (formerly known as The Royal Bank of Scotland plc – India branch) ('the Bank') which is incorporated in Scotland with limited liability.

2. Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ("Indian GAAP"), the guidelines issued by the Reserve Bank of India ('RBI') from time to time, the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. Except for Accounting Standard 1 on "Disclosure of Accounting Policies' in respect of the going concern assumption, which as mentioned in paragraph 2.1 below, is no longer valid for the Bank. The Bank follows the accrual method of accounting and the historical cost convention, unless otherwise stated. The accounting policies followed in the financial statements are those followed in the annual financial statements, as of 31 March 2021.

2.1. Going Concern

The Bank has filed an application with RBI to close its business and operations with effect from close of business on 31 December 2019.

Accordingly, these financial statements have been prepared based on the assumption that the fundamental accounting assumption of going concern is no longer appropriate. Consequently, all assets have been valued at net realisable value or book value, whichever is lower, and liabilities have been reflected at the values at which they are expected to be discharged.

3. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent liabilities as at the date of financial statements. Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future years. (Also, refer to paragraph 2.1 above).

4. Significant accounting policies

4.1. Investments

Recognition and Classification

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation.

Investments are classified into the following three categories

- Held to Maturity ('HTM')
- Held for Trading ('HFT'); and
- Available for Sale ('AFS')

Under each classification, Investments are further categorised as (a) Government Securities, (b) Other Approved Securities, (c) Shares, (d) Debentures and Bonds, (e) Subsidiaries and Joint Ventures and (f) Others.

For disclosure in Balance Sheet, Investments are classified under above mentioned six categories.

The Bank follows trade date method of accounting for purchase and sale of investments, except for Government of India and State Government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

Acquisition cost/carrying cost

Cost of investment represents acquisition cost and in case of discounted instruments, carrying cost includes pro rata discount accreted for the holding period. Accretion on Treasury Bills is calculated on weighted average cost method.

Brokerages, commission, broken period interest, etc. on debt instruments, paid at the time of acquisition, are charged to Profit and Loss Account.

Disposal of Investments

- Investments classified as HFT or AFS – Profit or loss on sale/redemption is included in Profit and Loss Account.
- Investment classified as HTM – Profit on sale/redemption of Investments is included in Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale/redemption is charged to Profit and Loss Account.

Transfer between categories

Transfer of securities between categories of Investments is carried out in accordance with the RBI guidelines and accounted for at the lower of acquisition cost, book value and market value on the date of transfer and depreciation, if any, on such transfer is fully provided for.

Valuation/income recognition

Investments classified under HTM category are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium paid on acquisition in excess of face value is amortised over the period remaining to maturity on a straight-line basis. Discount, if any, is ignored. A provision is made for other than temporary diminution in the value of HTM security.

Investments classified under AFS category are marked-to-market on a quarterly or at more frequent intervals and net depreciation, if any, in each classification as mentioned in Schedule 8 – 'Investments' is recognised in Profit and Loss Account. Net appreciation, if any, is ignored. Book value of individual securities is not changed consequent to periodical valuation of Investments.

Investments classified under HFT category are marked-to-market on a monthly or at more frequent intervals and net depreciation, if any, in each classification as mentioned in Schedule 8 – 'Investments' is recognised in Profit and Loss Account. Net appreciation, if any, is ignored. Book value of individual securities is not changed consequent to periodical valuation of Investments.

In the event, provisions created on account of depreciation in AFS or HFT categories are found to be in excess of the required amount in any year, excess is credited to Profit and Loss Account and excess is thereafter appropriated (net of taxes, if any and net of transfer to Statutory Reserve as applicable) to Investment Reserve Account.

Profit or loss on sale of securities is computed on the basis of weighted average cost. Market price of securities is sourced from revaluation rates published by the Financial Benchmark India Pvt. Ltd. ('FBIL').

Treasury Bills, Commercial Paper and Certificates of Deposit, being discounted instruments, are valued at carrying cost.

Accounting for repurchase/reverse repurchase transactions

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) are accounted as collateralised borrowing and lending transactions respectively. Difference between consideration amount of first leg and second leg of repo is recognised as interest income/interest expense over the period of transaction.

4.2. Advances and Provisions/write-offs

Advances are classified as performing and non-performing advances ("NPA") in accordance with the RBI prudential norms on classification. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI.

Advances are stated net of specific provisions, interest in suspense, provision for impaired assets, Export Credit Guarantee Corporation Limited ('ECGC') claims and bills rediscounted and provisions in lieu of diminution in fair value of restructured assets.

Specific loan loss provisions in respect of non-performing advances are made based on Management's assessment of the degree of impairment of advances after considering prudential norms on provisioning as prescribed by the RBI.

In the case of consumer loans, provisions are made upon reaching specified stages of delinquency under each type of loan after considering prudential norms on provisioning prescribed by the RBI.

As per the RBI guidelines, a general provision is required to be made on all standard advances based on the category of advances and additionally on Unhedged Foreign Currency Exposure of borrowers. These provisions are made in line with the RBI guidelines and are disclosed under

Schedule 5 – 'Provisions on Standard Assets'.

Provision for restructured assets is made in accordance with applicable requirements prescribed by the RBI on restructuring of advances by banks. Necessary provision for diminution in the fair value of a restructured account is made. Restructuring of an account is done at a borrower level.

Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of current status of borrower are recognised in Profit and Loss Account.

Further to provisions required as per asset classification status, provisions are held for individual country exposure as per the RBI guidelines. Exposure is classified in seven risk categories as per the Bank's internal ratings.

4.3. Transactions involving foreign exchange

Monetary assets and liabilities denominated in foreign currency are translated into Indian rupees at the year-end exchange rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and resulting profit/loss from year-end revaluation are recognised in Profit and Loss Account.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using exchange rate at the date when such value was determined.

Outstanding forward exchange contracts are revalued at exchange rates notified by FEDAI for specified maturities and at extrapolated rates for contracts of intervening maturities. The foreign exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at exchange rates implied by the USD/INR Currency Swap curve. The resultant gains or losses are recognised in Profit and Loss Account.

Income and expenditure in foreign currency are translated at exchange rates prevailing on the date of transaction.

Contingent liabilities denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.4. Derivative instruments

Derivative instruments include foreign currency options, interest rate swaps ('IRS'), cross currency interest rate swaps ('CCS') and forward rate agreements ('FRA') which are undertaken for trading or hedging purposes. Derivatives undertaken for trading purposes are measured at their fair value and resultant gain or loss is recognised in Profit and Loss Account.

The Bank treats all derivatives (except for derivative transactions that are undertaken for hedging are accounted on accrual basis) which include all customer and proprietary transactions together with any associated hedges and trades done for hedging Balance Sheet as 'trading' derivatives.

Derivatives are classified as assets under Schedule 11 – 'Other Assets' when the fair value is positive

(positive marked to market) or as liabilities Schedule 5 – 'Other Liabilities' when fair value is negative (negative marked to market).

Changes in fair value of derivatives other than those designated as hedges are recognised in Profit and Loss Account.

Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with same counter-parties are reversed through Profit and Loss Account.

4.5. Revenue recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Bank and income can be reliably measured.

Interest income is recognised in Profit and Loss Account on an accrual basis except in case of interest on NPA, where it is recognised on receipt basis as per the income recognition and asset classification norms of the RBI and relevant Accounting Standards.

Loan processing fee is accounted for upfront when it becomes due.

Commission on letters of credit is recognised at the inception of the transaction. Commission income on guarantees is recognised on a straight-line basis over the period of the guarantee if the commission received is greater than INR equivalent of GBP 10,000. Income on discounted instruments is recognised over the tenure of instrument on a constant yield basis.

All other fees are accounted for as and when they become due.

4.6. Fixed assets and depreciation

Fixed assets are stated at historical cost less accumulated depreciation and provision for impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of asset. Historical cost for this purpose includes written down value as at 31 March 1991 for fixed assets acquired up to that date and the cost of acquisition for fixed assets acquired thereafter.

Depreciation is provided on a pro-rata basis on a Straight Line Method over estimated useful life of the assets which is lower than useful life prescribed under Schedule II of the Companies Act, 2013 in order to reflect actual usage of the assets. Estimates of useful lives of the assets are based on Management estimate, taking into account the nature of asset, estimated usage of asset, and operating conditions surrounding the use of asset etc. Based on above, useful life of the assets has not undergone a change on account of transition to the Companies Act, 2013.

Asset Type	Estimated Useful Life in Years
Premises	50
Improvement of leasehold premises	Over the primary period of lease subject to maximum of 5 years
Furniture and fixtures	5
Other equipment	5
Vehicles (including leased assets)	3
Computer Equipment (including software)	3

All fixed assets individually costing less than Rs 5,000 are fully depreciated in the year of acquisition. Assets which are held for disposal are not depreciated.

(If Management's estimate of remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate.)

4.7. Leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense in Profit and Loss Account on a straight-line basis over the lease period.

4.8. Employee Benefits

Provident fund

The Provident Fund Plan of the Bank is a defined contribution scheme. The Bank's contributions paid/payable towards Provident Fund are charged to Profit and Loss Account every year. This fund and the scheme there under is recognised by the Income-tax authorities and administered by various trustees.

Gratuity and Pension

The Bank has defined benefit plans for post-employment benefits in the form of Gratuity and Pension which is partly funded. Provisions for gratuity and pension which are defined benefit schemes are made on the basis of an independent actuarial valuation carried out as per Projected Unit Credit Method as at the year end. Fair value of plan assets are compared with liabilities and shortfall, if any, is provided in financial statements.

Deferred Bonus Scheme

The Bank accounts for its defined benefit obligation for non-funded deferred bonus benefits on the basis of an independent actuarial valuation as per Projected Unit Credit Method carried out as at the year end.

Compensated absences

Liability for long term compensated absences for employees is accounted on the basis of an independent actuarial valuation as per Projected Unit Credit Method carried out as at the year end. Unutilised short term compensated absences are provided for on an undiscounted basis.

NatWest Markets Plc - India Branch

(Formerly known as The Royal Bank of Scotland plc - India Branch)

(Incorporated in Scotland with Limited Liability)

Long Service Award

Liability for long term service award for employees is accounted on the basis of an independent actuarial valuation as per Projected Unit Credit Method carried out as at the year end.

Actuarial gains/losses are immediately recognised in Profit and Loss Account.

Other short term employee benefits are recognised on an undiscounted basis on their likely entitlement thereof.

4.9. Income taxes

Income tax comprises current tax provision and net change in deferred tax asset or liability in the year.

Current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – Accounting for Taxes on Income specified under section 133 of the Companies Act, 2013, as applicable.

Deferred tax assets and liabilities arising on account of timing difference are recognised in Profit and Loss Account and cumulative effect thereof is reflected in Balance Sheet. Deferred tax assets are recognised only if there is a reasonable certainty that they will be realised, except for deferred tax assets in respect of unabsorbed depreciation and carry forward losses which are only recognised to the extent that it is virtually certain that they will be realised. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by Balance Sheet date. Effect on deferred tax assets and liabilities of a change in tax rates is recognised in Profit and Loss Account in the period of change.

4.10. Provisions, contingent liabilities and contingent assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with Accounting Standard-29 on 'Provisions ,Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted (except for retirement benefits) to their present values and are determined based on best estimate required to settle the obligation at Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

Contingent liabilities are disclosed when there is a possible obligation or present obligation that may but probably will not require an outflow of resources embodying economic benefits. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised or disclosed in financial statements.

4.11. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognised wherever carrying amount of an asset exceeds its recoverable amount. Recoverable amount is greater of asset's net selling price and "value in use". After impairment, depreciation is provided on revised carrying amount of asset over its remaining useful life. If at Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, recoverable amount is reassessed and asset is reflected at recoverable amount subject to a maximum of depreciable historical cost.

4.12. Cash and cash equivalents

Cash and cash equivalents include cash in hand and in ATM/in transit, balances with RBI, balances with other banks and money at call and short notice (including the effect of changes in exchange rates of cash and cash equivalents in foreign currency).

4.13. Cash Flow Statement

Cash Flows are reported using indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flows from operating, investing and financing activities of the Bank are segregated based on the available information.

4.14. Segment Reporting

The Bank operates in three segments viz. Treasury, Retail Banking and Corporate and Wholesale Banking. These segments have been identified in line with the RBI guidelines and AS-17 on Segment Reporting after considering the nature and risk profile of the products and services, target customer profile, organisation structure and internal reporting system of the Bank.

Segment revenue, results, assets and liabilities include amounts identifiable to each of the segments as also amounts allocated, as estimated by Management. Assets and liabilities that cannot be allocated to identifiable segments are grouped under unallocated assets and liabilities.

Schedule 18 : Notes to financial statements

1. Statutory disclosures as per the RBI guidelines

1.1. Capital adequacy ratio

The capital adequacy ratio computed under Basel III guidelines are as under:

Particulars	31 March 2021	31 March 2020
Common Equity Tier I Capital Ratio (%) *	289.93%	283.56%
Tier I Capital Ratio (%)	289.93%	283.56%
Tier II Capital Ratio (%)	0.43%	0.54%
Total Capital Ratio (CRAR) (%)	**290.36%**	**284.10%**
Percentage of the shareholding of the Government of India	Nil	Nil
Amount of equity capital raised	Nil	Nil
Amount of Additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares	Nil	Nil
Perpetual Debt Instruments	Nil	Nil
Amount of Tier 2 capital raised of which:		
Debt capital instrument	Nil	Nil
Preference share capital instrument	Nil	Nil

*Includes Capital Conservation Buffer ('CCB') of 2.50% & Global Systemically Important Bank (G-SIB) charge of 1% for the year ended 31 March 2021.

1.2. Business information/ratios

The details relating to business information/ratios are given below:

Particulars	31 March 2021	31 March 2020
i) Interest income as percentage of working funds	3.55%	4.09%
ii) Non-interest income as percentage of working funds	0.03%	0.02%
iii) Operating profits as percentage of working funds	1.52%	(0.85%)
iv) Return on assets (%)	0.56%	(0.70%)
v) Business (deposits plus advances) per employee (Rs.000s)	NA *	NA *
vi) Net Profit per employee (Rs.000s)	6,989	(8,799)

* No outstanding deposits and advances as at 31 March 2021.

1) For computation of ratios in (i), (ii), (iii) and (iv), working funds represent monthly average of total assets as reported to the RBI in DSB returns
2) For computation of ratios in (v), deposits (excluding Inter-bank deposits) plus advances as at year end have been considered
3) For computation of ratios in (v) and (vi), number of employees as at year end have been considered
4) Operating profit = Interest Income + Other Income – Interest expenses – Operating expenses.

1.3. Derivative instruments

The Bank has not undertaken any derivative and forward exchange transaction during the year ended 31 March 2021 (Previous Year: Nil) and hence no disclosure is made.

1.4. Investments **(Rs. in 000's)**

Year Ended				31 March 2021	31 March 2020
(1)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	25,399,965	24,709,988
		(b)	Outside India	16,519,326	17,101,093
	(ii)	Provision for Depreciation			
		(a)	In India	Nil	Nil
		(b)	Outside India	Nil	Nil
	(iii)	Net Value of Investments			
		(a)	In India	25,399,965	24,709,988
		(b)	Outside India	16,519,326	17,101,093
(2)	Movement of provisions held towards diminution in value of Investments				
	(i)	Opening balance		Nil	Nil
	(ii)	Add: Provisions made during the year (including provision made on inter-bank repo outstanding at the end of the year)		Nil	Nil
	(iii)	Less: Write-off/write-back of excess provisions during the year.		Nil	Nil
	(iv)	Closing balance		Nil	Nil

1.5. Disclosures in respect of repo transactions

Year ended 31 March 2021 (Rs. in 000's)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2021
Securities sold under repos				
i. Government securities	Nil	Nil	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repos				
i. Government securities	Nil	2,547,520	428,942	411,890
ii. Corporate debt securities	Nil	Nil	Nil	Nil

Year ended 31 March 2020 (Rs. in 000's)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2020
Securities sold under repos				
i. Government securities	Nil	Nil	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repos				
i. Government securities	Nil	19,20,080	156,567	257,610
ii. Corporate debt securities	Nil	Nil	Nil	Nil

1.6. Movement in NPAs **(Rs. in 000's)**

Year ended			31 March 2021	31 March 2020
(i)	Net NPAs to Net Advances (%)		Nil	Nil
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	Nil	Nil
	(b)	Additions during the year	Nil	Nil
	(c)	Reductions during the year	Nil	Nil
	(d)	Closing balance	Nil	Nil
(iii)	Movement of Net NPAs			
	(a)	Opening balance	Nil	Nil
	(b)	Additions during the year	Nil	Nil
	(c)	Reductions during the year	Nil	Nil
	(d)	Closing balance	Nil	Nil
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	Nil	Nil
	(b)	Provisions made during the year	Nil	Nil
	(c)	(Write-off)/write-back of excess provisions	Nil	Nil
	(d)	Closing balance	Nil	Nil

1.7. Technical Write off

There were no technical write offs during the year. (Previous Year: Nil).

1.8. Provision Coverage Ratio

The Provision Coverage Ratio is not applicable as the Bank does not have any NPA's as at 31 March 2021 (Previous Year: Nil).

1.9. Details of Financial Assets Sold to Securitisation/Reconstruction Company for Asset Reconstruction

There were no Financial Assets which were sold to a Securitisation/Reconstruction Company during the year. (Previous Year: Nil).

1.10. Details of Non performing Financial Assets purchased/sold

A. Details of Non performing Financial Assets purchased: **(Rs. in 000's)**

Particulars			31 March 2021	31 March 2020
1.	(a)	No. of accounts purchased during the year	Nil	Nil
	(b)	Aggregate Outstanding	Nil	Nil
2.	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate Outstanding	Nil	Nil

B. Details of Non performing Financial Assets sold: **(Rs. in 000's)**

Particulars	31 March 2021	31 March 2020
1.No. of accounts sold	Nil	Nil
2.Aggregate Outstanding	Nil	Nil
3.Aggregate Consideration received	Nil	Nil

1.11. Maturity pattern

Maturity Pattern of Assets and Liabilities as at 31 March 2021 (Rs. in 000's)

Particulars	Deposit	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Up to 1 day	Nil	Nil	Nil	Nil	16,350	Nil
2 to 7 days	Nil	Nil	Nil	Nil	Nil	Nil
8 to 14 days	Nil	Nil	Nil	Nil	Nil	Nil
15 to 28 days	Nil	Nil	Nil	Nil	Nil	Nil
29 days to 3 months	Nil	Nil	2,239,212	3,413,944	Nil	3,418,579
Over 3 months & up to 6 months	Nil	Nil	39,680,079	1,836,158	16,547,327	1,838,650
Over 6 months & up to 1 year	Nil	Nil	Nil	11,245,342	Nil	11,260,606
Over 1 Year & up to 3 Years	Nil	Nil	Nil			Nil
Over 3 Year & up to 5 Years	Nil	Nil	Nil			Nil
Over 5 Years	Nil	Nil	Nil			Nil
Total	**Nil**	**Nil**	**41,919,291**	**16,495,444**	**16,563,677**	**16,517,835**

Maturity Pattern of Assets and Liabilities as at 31 March 2020 (Rs. in 000's)

Particulars	Deposit	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Up to 1 day	Nil	Nil	Nil	Nil	31,214	Nil
2 to 7 days	Nil	Nil	Nil	Nil	Nil	Nil
8 to 14 days	Nil	Nil	10,488,679	Nil	Nil	Nil
15 to 28 days	Nil	Nil	Nil	Nil	Nil	Nil
29 days to 3 months	Nil	Nil	7,376,660	3,533,253	Nil	3,535,824
Over 3 months & up to 6 months	Nil	Nil	23,945,742	1,900,326	17,101,092	1,936,997
Over 6 months & up to 1 year	Nil	Nil	Nil	11,638,337	28,980	11,639,365
Over 1 Year & up to 3 Years	Nil	Nil	Nil	Nil	Nil	Nil
Over 3 Year & up to 5 Years	Nil	Nil	Nil	Nil	Nil	Nil
Over 5 Years	Nil	Nil	Nil	Nil	Nil	Nil
Total	**Nil**	**Nil**	**41,811,081**	**17,071,916**	**17,161,286**	**17,112,186**

Notes:

1) In accordance with the RBI guidelines, Management has made certain assumptions in respect of behavioural maturities of non-term assets and liabilities while compiling their maturity profiles.
2) Investments are bucketed as per residual maturity.

1.12. Lending to sensitive sectors

Exposure to Real Estate

The Bank does not have any exposure to real estate sector as at 31 March 2021 (Previous Year: Nil)

Exposure to Capital Market

The Bank does not have any exposure to capital market sector as at 31 March 2021 (Previous Year: Nil)

1.13. Provisions on Standard Assets **(Rs. in 000's)**

Particulars	31 March 2021	31 March 2020
Provisions on standard assets	Nil	Nil

1.14. Issuer composition of Non SLR investments

Non SLR investments as at 31 March 2021 **(Rs in 000's)**

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	Nil	Nil	Nil	Nil	Nil
(ii)	FIs	Nil	Nil	Nil	Nil	Nil
(iii)	Banks	Nil	Nil	Nil	Nil	Nil
(iv)	Private Corporates	Nil	Nil	Nil	Nil	Nil
(v)	Subsidiaries/	Nil	Nil	Nil	Nil	Nil
	Joint Ventures					
(vi)	Others*	16,519,326	Nil	Nil	Nil	16,519,326
(vii)	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	**16,519,326**	**Nil**	**Nil**	**Nil**	**16,519,326**

Non SLR investments as at 31 March 2020 **(Rs in 000's)**

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	Nil	Nil	Nil	Nil	Nil
(ii)	FIs	Nil	Nil	Nil	Nil	Nil
(iii)	Banks	Nil	Nil	Nil	Nil	Nil
(iv)	Private Corporates	Nil	Nil	Nil	Nil	Nil
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others*	17,101,093	Nil	Nil	Nil	17,101,093
(vii)	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	**17,101,093**	**Nil**	**Nil**	**Nil**	**17,101,093**

* US Treasury bills

1.15. Non-performing Non-SLR investments

There are no Non-performing Non-SLR investments as at 31 March 2021 (Previous Year: Nil).

1.16. Particulars of Accounts Restructured

There were no restructured accounts as at 31 March 2021 (Previous year: Nil).

1.17. Resolution of Stressed Assets

The Bank has Nil advances as on March 31, 2021 and March 31, 2020. Accordingly there were no accounts forming part of the Resolution Plan implemented in accordance Prudential Framework for Resolution of Stressed Assets circular dated June 07, 2019 issued by the RBI. (Previous year: Nil). Further basis this, no disclosure is required under circular COVID19 Regulatory Package – Review of Resolution Timelines vide ref no. DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17 2020 issued by the RBI, circular on Resolution Framework for COVID19 related stress vide ref no. DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6,2020 and MSME – Restructuring of advances circular DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6,2020 issued by RBI.

1.18. Securitisation Transactions

There were no securitisation transactions entered during the year ended 31 March 2021 (Previous Year: Nil).

1.19. Single and group borrower exposures

During the year, the Bank has complied with the RBI guidelines on Single borrower limit (SBL) and Group borrower limit (GBL). During the year ended 31 March 2021 and for the year ended 31 March 2020, the Bank's credit exposures to all Single & Group borrowers were within prudential exposure limits prescribed by the RBI.

1.20. Country Risk

As per the extant RBI guidelines, country exposure of the Bank based on the Bank's internal ratings is categorised into various risk categories listed in the following table:

(Rs. in 000's)

	31 March 2021		31 March 2020	
Risk Category	**Exposure (net)**	**Provision held**	**Exposure (net)**	**Provision held**
Insignificant	Nil	Nil	Nil	Nil
Low	16,535,676	41,338	17,132,306	42,829
Moderate	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	**16,535,676**	**41,338**	**17,132,306**	**42,829**

Exposure also includes exposure of the Bank to its Head Office and its branches. In terms of the RBI Circular, provision is made for only those countries where net funded exposure is not less than 1 percent of total assets.

1.21. Provisions and contingencies charged to Profit and Loss Account comprises of

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Provision towards NPA's (net of write backs)	Nil	Nil
Provision towards Standard Assets (including provision on UFCE) (Refer Schedule 18-1.27)	Nil	Nil
Debts written off	Nil	Nil
Income Tax	463,470	(58,907)
Deferred Tax	(1,964)	(15,395)
Provision for Country Risk Exposure	(1,491)	3,566
Provision for diminution in value of Investments	Nil	Nil
Total	**460,015**	**(70,736)**

1.22. Disclosure of Complaints/Unimplemented Awards of Banking Ombudsman.

The below disclosure is as required by RBI Circular "RBI/2020-21/8CEPD.CO.PRD.Cir. No.01/13.01.013/2020-21 dated January 27, 2021.

Summary information on complaints received by the bank from customers and from the OBOs

Sl No		Particulars	31 March 2021	31 March 2020
	Complaints received by Bank from its customers			
1		No. of Complaints pending at the beginning of the year	1	Nil
2		No. of Complaints received during the year	17	22
3		No. of Complaints disposed during the year	18	21
	3.1	of which number of complaints rejected by bank	Nil	Nil
4		No. of Complaints pending at the end of the year	Nil	1
	Maintainable complaints received by the bank from OBOs			
5		Number of complaints received by the bank from BOs	12	16
	5.1	of 5 number of complaints resolved in favour of the Bank by BOs	12	16
	5.2	of 5 number of complaints resolved through conciliation/ mediation/advisories issued by BOs	Nil	Nil
	5.3	of 5 number of complaints resolved after passing of awards by Bos against the bank	Nil	Nil
6		Number of awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

Top 5 grounds of complaints received by Bank from customers

Ground of complaints (i.e. Complaint relating to)	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
31 March 2021					
Ground 1-Status on Credit Bureau	0	10	67%	0	0
Ground 2- Dispute on Card ownership	0	0	(100%)	0	0
Ground 3- Query on outstanding Cards/Loan Account	0	1	(50%)	0	0
Ground 4-Query on Portfolio sold to PARC	0	1	(50%)	0	0
31 March 2020					
Ground 1-Status on Credit Bureau	1	6	(71%)	0	0
Ground 2- Dispute on Card ownership	0	4	300%	0	0
Ground 3- Query on outstanding Cards/Loan Account	0	2	0%	0	0
Ground 4-Query on Portfolio sold to PARC	0	2	(75%)	0	0

The above information regarding customer complaints have been identified on the basis of information available with the Bank.

NatWest Markets Plc - India Branch

(Formerly known as The Royal Bank of Scotland plc - India Branch)

(Incorporated in Scotland with Limited Liability)

1.23. Penalties

During the year, no penalty was imposed by the RBI (Previous Year: Nil).

1.24. Floating Provisions

The Bank has not created any floating provisions during the year. (Previous Year: Nil).

1.25. Letter of Comforts

The Bank has not issued any Letter of Comforts (LOCs) during the year and there are no LOCs outstanding as at 31 March 2021 (Previous Year: Nil).

1.26. Depositor Education and Awareness Fund (DEAF) (Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Opening Balance of amount transferred to DEAF	659,596	574,162
Amount transferred during the year	Nil	91,914
Amount reimbursed by DEAF towards claims	395	6,480
Closing balance of amounts transferred to DEAF	659,201	659,596

1.27. Unhedged Foreign Currency Exposure (UFCE)

Provision held for UFCE as at 31 March 2021 is Rs. Nil (Previous Year: Rs. Nil).

Incremental capital charge held by the Bank for UFCE as at 31 March 2021 is Rs. Nil. (Previous Year: Nil).

1.28. Liquidity Coverage Ratio (LCR)

The Bank manages funding and liquidity risk through a formal governance structure of India Assets Liability Committee (ALCO). ALCO comprises of senior management of the Bank and meets periodically. The ALCO oversees funding and liquidity position of the Bank and provides guidance and oversight. ALCO is responsible to oversee and ensure compliance with regulatory and internal requirements related to Liquidity risk management. ALCO is assisted in its oversight role by Treasury, Finance, Operations and other Business Units.

The Bank has adopted the Basel III framework on liquidity standards as prescribed by the RBI and has put in place requisite systems and processes to enable periodic computation and reporting of LCR.

The Bank follows the criteria laid down by the RBI for month-end calculation of High Quality Liquid Assets (HQLAs), gross outflows and inflows within the next 30-day period. HQLAs of the Bank primarily consist of Cash, Government of India (GoI) Bonds & Treasury-Bills and Foreign Sovereign Securities. Weighted outflows mainly consist of other contingent funding liabilities. Weighted inflows primarily consist of inflows on account of interbank placements.

	Particulars (Amount in crores)	Jun-20 Average		Sep-20 Average		Dec-20 Average		Mar-21 Average		Consolidated Average April to March 2021 Average	
		Unweighted	Weighted	Unweighted	Unweighted	Weighted	Weighted	Weighted	Weighted	Unweighted	Weighted
1	**Total High Quality Liquid Assets (HQLA)**	**4,227**	**4,227**	**4,189**	**4,189**	**4,237**	**4,237**	**4,187**	**4,187**	**4,210**	**4,210**
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:										
(i)	Stable deposits										
(ii)	Less stable deposits										
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits (all counterparties)										
(ii)	Non-operational deposits (all counterparties)										
(iii)	Unsecured debt	121	121	439	439	105	105	428	428	273	273
4	Secured wholesale funding										
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements -	3	3	3	3	3	3	3	3	3	3
(ii)	Outflows related to loss of funding on debt products										
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	15	15	25	25	15	15	21	21	19	19
7	Other contingent funding obligations	0	0	0	0	0	0	0	0	0	0
8	**Total Cash Outflows**	**139**	**139**	**467**	**467**	**123**	**123**	**452**	**452**	**295**	**295**
Cash Inflows (A)											
9	Secured lending (e.g. reverse repos)	35	35	67	67	55	55	53	53	52	52
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
11	Other cash inflows	52	50	51	48	51	51	49	48	51	49
12	**Total Cash Inflows**	**87**	**85**	**118**	**115**	**106**	**106**	**102**	**101**	**103**	**101**
13	Total HQLA		4,227		4,189		4,237		4,187		4,210
14	Total Net Cash Outflows (B)		53		352		17		350		193
15	25% of total cash outflows (25% of A) (C)		35		117		31		113		74
16	Total Net Cash Outflows - Higher of B or C		53		352		31		350		193
17	**Liquidity Coverage Ratio (%)**		**7,975%**		**1,190%**		**13,668%**		**1,196%**		**2,181%**

Based on the above, average LCR (all currency) for the Bank for the year ended 31 March 2021 is 2,181% against the regulatory minimum of 100%.The LCR is computed as simple averages of daily observations from 01 April 2020 to 31 March 2021.

	Particulars (Amount in crores)	June 2019 Average		Sep 2019 Average		Dec 2019 Average		Mar 2020 Average		Consolidated Average April to March 2020 Average	
		Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
1	**Total High Quality Liquid Assets (HQLA)**	**4,036**	**4,036**	**4,022**	**4,022**	**4,049**	**4,049**	**4,088**	**4,088**	**4,049**	**4,049**
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:										
(i)	Stable deposits										
(ii)	Less stable deposits	14	1	13	1	10	1	-	-	9	1
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits (all counterparties)										
(ii)	Non-operational deposits (all counterparties)	13	5	6	2	4	2	-	-	6	2
(iii)	Unsecured debt	107	107	392	392	116	116	418	418	258	258
4	Secured wholesale funding										
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements -	3	3	3	3	3	3	3	3	3	3
(ii)	Outflows related to loss of funding on debt products										
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	32	32	41	41	22	22	26	26	30	30
7	Other contingent funding obligations	3	0	2	0	1	0	0	0	2	0
8	**Total Cash Outflows**	**172**	**148**	**457**	**439**	**156**	**144**	**447**	**447**	**308**	**294**
Cash Inflows (A)											
9	Secured lending (e.g. reverse repos)	47	47	47	47	42	42	17	17	38	38
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
11	Other cash inflows	29	29	46	44	23	23	62	60	40	39
12	**Total Cash Inflows**	**76**	**76**	**93**	**91**	**65**	**65**	**79**	**77**	**78**	**77**
13	Total HQLA		4,036		4,022		4,049		4,088		4,049
14	Total Net Cash Outflows (B)		72		348		79		370		217
15	25% of total cash outflows (25% of A) (C)		37		110		36		112		74
16	Total Net Cash Outflows – Higher of B or C		72		348		79		370		217
17	**Liquidity Coverage Ratio (%)**		**5,606%**		**1,156%**		**5,125%**		**1,105%**		**1,866%**

Based on the above, average LCR (all currency) for the Bank for the year ended 31 March 2020 is 1,866% against the regulatory minimum of 100%.The LCR is computed as simple averages of daily observations from 01 April 2019 to 31 March 2020.

1.29. Concentration of Deposits

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Total Deposits of twenty largest depositors	Nil	Nil
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	Nil	Nil

1.30. Concentration of Advances

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Total Advances to twenty largest borrowers (including Banks)	Nil	4,227
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	100%	100%

Advances represent credit exposure (Funded & Non Funded) including derivative exposures as defined by the RBI Master Circular on Exposure Norms.

1.31. Concentration of Exposures

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Total Exposure to twenty largest borrowers/customers (including Banks)	16,519,326	17,105,320
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	100%	100%

Exposures represent credit, derivatives and investment exposure as prescribed in the RBI Master Circular on Exposure Norms.

1.32. Concentration of NPAs

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Total Exposure to top four NPA accounts	Nil	Nil

1.33. Sector wise advances

The Bank has no advances as at 31 March 2021 (Previous Year: Nil).

1.34. Movement in NPAs (Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Gross NPAs as on 1st April of particular year (Opening Balance)	Nil	Nil
Additions (Fresh NPAs) during the year	Nil	Nil
Sub-total (A)	**Nil**	**Nil**
(i) Upgradations	Nil	Nil
(ii) Recoveries	Nil	Nil
(iii) Write-offs	Nil	Nil
Sub-total (B)	**Nil**	**Nil**
Gross NPAs as at 31 March of the following year (closing balance) (A-B)	**Nil**	**Nil**

Intra Group Exposure

The following table sets forth the details of intra group exposure

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Total amount of intra-group exposures	Nil	Nil
Total amount of top 20 intra-group exposures	Nil	Nil
Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers	Nil	Nil
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

1.35. Overseas Assets and Revenues

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Total Assets	16,535,676	17,132,307
Total NPAs	Nil	Nil
Total Revenue	8,553	324,198

1.36. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of SPV Sponsored	
Domestic	Overseas
Nil	Nil

1.37. Intangible Security

Advances for which intangible security has been taken as collateral as at 31 March 2021 was Nil (Previous Year: Nil).

1.38. Bancassurance business

The Fees/Remuneration received in respect of bancassurance business / Life Insurance business / Non-Life Insurance business is Nil (Previous Year: Nil).

2. Other disclosures

2.1. Employee Benefits

Provident Fund

The Bank has recognised Rs. 2,712 thousand (Previous Year: Rs. 2,753 thousand) in Profit and Loss Account for the period under Schedule 16 – 'Payments to and Provisions for Employees' towards contribution to Provident Fund. The Bank has no further obligations.

Gratuity and Pension

The Bank has defined benefit scheme for gratuity wherein the benefit payable to the employees is greater of the Bank's own gratuity scheme rules and the provisions of the Payment of Gratuity Act, 1972 (amended to date). The Bank also has a defined benefit pension scheme for eligible employees providing a maximum pension of 50% of "pensionable salary". The scheme also provides for an annual increase of pension payment to eligible employees which can be varied at the discretion of the Bank.

The following tables summarise the components of net benefit expense recognised in Profit and Loss Account, funded status and amounts recognised in Balance Sheet for Gratuity and Pension benefit plans.

Profit and Loss Account

Net employee benefit/ expense (recognised in Payments to and Provisions for Employees)

(Rs. in crores)

	Gratuity		Pension	
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2021**	**31 March 2020**
Current service cost	Nil	Nil	0.23	0.26
Interest cost on benefit obligation	Nil	0.23	25.28	23.30
Expected return on plan assets	Nil	Nil	(0.05)	(0.38)
Net actuarial (gain)/loss recognised in the year	0.14	0.13	(8.98)	62.65
Past Service Cost	Nil	Nil	Nil	Nil
Settlement Cost	Nil	Nil	Nil	Nil
Net (benefit)/expense	**0.14**	**0.36**	**16.48**	**85.84**

Balance Sheet

Details of Provision for Gratuity and Pension

(Rs. in crores)

	Gratuity		Pension	
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2021**	**31 March 2020**
Present value of defined benefit obligation	3.75	3.61	405.52	397.06
Fair value of plan assets	Nil	Nil	14.03	16.79
Unrecognised Past Service Cost	Nil	Nil	Nil	Nil
Net Asset/(Liability)	**(3.75)**	**(3.61)**	**(391.49)**	**(380.27)**

Changes in the present value of the defined benefit obligation are as follows

(Rs. in crores)

	Gratuity		Pension	
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2021**	**31 March 2020**
Opening defined benefit obligation	3.61	3.81	397.06	318.43
Acquisitions	Nil	(0.15)	Nil	(1.52)
Interest cost / (Credit)	Nil	0.23	25.28	23.30
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Plans Amendment Cost/ (Credit)	Nil	Nil	Nil	Nil
Current service cost	Nil	Nil	0.23	0.26
Prior Period Cost	Nil	Nil	Nil	Nil
Benefits paid	Nil	(0.42)	(8.66)	(5.56)
Actuarial (gains)/losses on obligation	0.14	0.13	(8.39)	62.15
Closing defined benefit obligation	**3.75**	**3.61**	**405.52**	**397.06**

Changes in the fair value of plan assets are as follows

(Rs. in crores)

	Gratuity		Pension	
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2021**	**31 March 2020**
Opening fair value of plan assets	Nil	Nil	16.79	18.03
Acquisitions	Nil	Nil	Nil	Nil
Expected return	Nil	Nil	0.05	0.38
Contributions by employer	Nil	Nil	Nil	Nil
Benefits paid	Nil	Nil	(3.40)	(1.13)
Actuarial gains/(losses)	Nil	Nil	0.59	(0. 50)
Closing fair value of plan assets	**Nil**	**Nil**	**14.03**	**16.79**

Principle actuarial assumptions at Balance Sheet date

	Gratuity		Pension	
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2021**	**31 March 2020**
Discount Rate	Nil	Nil	6.90%p.a	6.70%p.a
Expected rate of Return on Plan Assets	Nil	Nil	6.50%p.a	6.50%p.a
Salary Escalation Rate	3.00%p.a	4.00%p.a	3.00%p.a	4.00%p.a
Mortality Rate	**NA**		**100 % of LIC (1996-98) Ultimate**	

Experience Adjustments are as follows

(Rs. in 000's)

	Gratuity				
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2019**	**31 March 2018**	**31 March 2017**
Defined Benefit Obligation	(3.75)	(3.61)	(3.81)	(4.62)	(7.14)
Plan Assets	Nil	Nil	Nil	Nil	3.67
Funded Status	(3.75)	(3.61)	(3.81)	(4.62)	(3.47)
Gain/(Loss) Adjustments on Plan Liabilities	(0.16)	(0.13)	(0.11)	0.17	0.07
Gain/(Loss) Adjustments on Plan Assets	Nil	Nil	Nil	(0.13)	(0.10)
Gain/(Loss) due to changes in assumptions	0.02	0.00	0.00	0.01	Nil

	Pension				
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2019**	**31 March 2018**	**31 March 2017**
Defined Benefit Obligation	(405.52)	(397.06)	(318.43)	(336.28)	(275.52)
Plan Assets	14.03	16.79	18.03	18.38	14.10
Funded Status	(391.49)	(380.27)	(300.40)	(317.90)	(261.42)
Gain/(Loss) Adjustments on Plan Liabilities	(3.67)	(2.76)	(2.36)	1.28	7.11
Gain/(Loss) Adjustments on Plan Assets	0.60	(0.50)	0.26	(1.22)	(0.36)
Gain/(Loss) due to changes in assumptions	12.07	(59.40)	(0.68)	(69.78)	3.15

Expected Contribution in next Financial Year

(Rs. in crores)

	Gratuity		Pension	
Particulars	**March 2021**	**March 2020**	**March 2021**	**March 2020**
Expected Contribution	Nil	Nil	9.93	9.03

Investment Pattern is as follows

	Gratuity		Pension	
Particulars	**31 March 2021**	**31 March 2020**	**31 March 2021**	**31 March 2020**
	Percentage		**Percentage**	
Government of India Securities (Central and State)	Nil	Nil	Nil	Nil
Corporate Bonds (including Public Sector Bonds)	Nil	Nil	Nil	Nil
Cash (including Deposits)	Nil	Nil	100%	100%
Other (including assets under scheme of Insurance)	Nil	Nil	Nil	Nil
Total	Nil	Nil	100%	100%

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Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market. Overall expected rate of return on assets is determined based on the nature of the investments held as at date, applicable to the period over which the obligation is to be settled.

Above information is certified by Actuary.

2.2. Investments

Investments in Government Securities include the following pledged securities (at Face value):

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Held with RBI as collateral for Real Time Gross Settlement System (RTGS) towards Intra-Day Liquidity (IDL) facility	250,000	250,000
Held with RBI as collateral for LAF borrowing	Nil	Nil
Held with RBI for requirements u/s 11(2)(b) of Banking Regulation Act, 1949	9,000,000	9,000,000
Held with Clearing Corporation of India Limited (CCIL)	578,000	656,000

2.3. Head Office charges

During the current and the previous year, no transfers have been made to the Head Office Charges Reserve (under Schedule 2 'Reserves and Surplus') from provision for expenses

(under Schedule 5 'Other Liabilities and Provisions').

2.4. Other expenses

Details of expenses included in Other Expenditure in Schedule 16, exceeding 1% of the total income are set out below:

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Taxes paid under Legacy Dispute Resolution Scheme	Nil	153,568
Record Management Cost	40,327	38,083
Outsourced Costs	26,405	21,840
Provision for Withholding tax	67,529	Nil
Total	134,261	213,491

2.5. Operating Lease

(Rs. in 000's)

Sl. No.	Particulars	31 March 2021	31 March 2020
1	Total future minimum lease payments as at year end:		
	Not later than one year	53,503	24,454
	Later than one year but not later than five years	24,453	Nil
	Later than five years	Nil	Nil
2	Lease payments recognised in the Profit and Loss Account in Schedule 16.	60,004	52,606

Operating lease comprises of premises. There are no sub-lease arrangements in respect of the current and previous years.

2.6. Segmental reporting

In terms of the RBI Guidelines on Segment Reporting, business of the Bank is divided into following segments viz. Treasury, Retail Banking and Corporate/Wholesale Banking. The Bank considers below mentioned segments as primary segments. The principle activities of these segments are as under:

Segment	Principal Activities
Treasury	Treasury Operations include investments in Government securities and money market operations, derivatives and foreign exchange operations on the proprietary account and for customers.
Retail Banking	Retail Banking constitutes lending to individuals/small businesses subject to orientation, product and granularity criterion and also includes low value individual exposures not exceeding threshold limit of Rs. 5 crores as defined by the RBI. Retail Banking activities also include liability products.
Corporate/ Wholesale Banking	Corporate/Wholesale Banking include corporate relationships not included under Retail Banking.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis. Support Divisions costs are considered as unallocated.

Revenues of the Treasury Segment primarily consist of interest income on securities, money market operations,. Principal expenses of this segment comprise interest on market borrowings/ Head office borrowings, personnel cost and other direct overheads and allocated expenses.

Revenues from the Retail Banking activity are derived from interest earned on loans classified under this segment and fees earned on retail products.. Expenses of the Corporate/Wholesale Banking and Retail Banking activity primarily comprise interest expense on deposits, expenses for operating the branch, personnel costs, other direct overheads and allocated expenses.

Geographical segments

The Branch renders its services within one geographical segment and have no offices or significant assets outside India.

Segment results for 31 March 2021 are set out below:

(Rs. in 000's)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Unallocated	Total
Revenue	1,004,880	Nil	Nil	697,352	1,702,232
Less: Inter Segment Revenue*					Nil
Revenue net of Inter segment					1,702,232
Operating Profit	808,026	Nil	Nil	(80,942)	727,084
Taxes				461,506	461,506
Net Profit/(Loss)					**265,578**
Segment Assets	43,424,328	Nil	Nil	4,118,764	47,543,092
Segment Liabilities	17,653,070	Nil	Nil	29,890,022	47,543,092
Capital expenditure during the year				Nil	Nil
Depreciation on fixed assets during the year				19,157	19,157

Segment results for 31 March 2020 are set out below:

(Rs. in 000's)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Unallocated	Total
Revenue	1,798,553	3,286	Nil	151,572	1,953,411
Less: Inter Segment Revenue					Nil
Revenue net of Inter segment					1,953,411
Operating Profit	887,830	318	Nil	(1,296,830)	(408,681)
Taxes				(74,302)	(74,302)
Net Profit/(Loss)					**(334,379)**
Segment Assets	43,430,906	Nil	Nil	4,437,082	47,867,988
Segment Liabilities	18,176,646	Nil	Nil	29,691,342	47,867,988
Capital expenditure during the year				Nil	Nil
Depreciation on fixed assets during the year				40,703	40,703

Note: In computing the above information, certain estimates and assumptions have been made by Management. Segment liabilities include Share Capital and Reserves and Surplus.

The Bank has discontinued Banking business as at 31st Dec 2019. Accordingly, for the current year the Segment classification reflects only Treasury and Unallocated. The Previous year's figures have been regrouped/reclassified wherever necessary.

2.7. Related Party Disclosures

(i) The Information required in this regard in accordance with Accounting Standard 18 on 'Related Party Disclosures', specified under section 133 of the Companies Act, 2013, as applicable read with guidelines issued by the RBI in so far as they are applicable to the Bank, is provided below:

Sr. No.	Relationship	Name
1	Parent/Head Office and branches of Head Office and ultimate holding company	The NatWest Group plc (Ultimate holding company) and its branches
2	Subsidiaries of Parent (Head Office) and entities under common control with whom there are transactions	RBS Services India Private Limited National Westminster Bank plc
3	Key Management Personnel	Ramit Bhasin, Country Executive – India

The transactions with related parties are detailed below:

(Rs. in 000's)

Relationship and Nature of Transactions	Maximum outstanding during the year ended 31 March 2021	As at 31 March 2021	Maximum outstanding during the year ended 31 March 2020	As at 31 March 2020
Parent/Head Office and branches of Head Office				
Deposits	Nil	Nil	Nil	Nil
Balance due from Banks outside India	Nil	Nil	Nil	Nil
Balance due to Banks outside India	Nil	Nil	Nil	Nil
Borrowings	*	16,495,444	*	17,071,916
Foreign exchange deals (Notional)	Nil	Nil	Nil	Nil
Derivative transactions (Notional)	Nil	Nil	Nil	Nil
Non-funded commitments	*	Nil	*	Nil
Other receivables	Nil	Nil	Nil	Nil
Other payables	*	22,390	*	40,270
Subsidiaries of Parent (Head Office) and entities under common control				
Advances	Nil	Nil	Nil	Nil
Balance due from Banks outside India	*	562	*	720
Deposits	*	Nil	*	Nil
Non-funded commitments	*	Nil	*	Nil
Foreign exchange deals (Notional)	Nil	Nil	Nil	Nil
Other receivables	*	29	*	Nil
Other payables	*	4,214	*	58,736

* Maximum amounts outstanding during the year have not been given/cannot be determined

(Rs. in 000's)

Profit and Loss Account	31 March 2021	31 March 2020
Parent/Head Office and branches of Head Office		
Expenses incurred	Nil	Nil
Other Income	Nil	Nil
Interest expense*	507,204	729,077
Interest income	Nil	Nil
Subsidiaries of Parent (Head Office) and entities under common control		
Secondment revenue and other costs recovered	Nil	Nil
Expenses recovered	-	-
Services rendered	Nil	Nil
Services received	26,405	20,547
Interest income	Nil	Nil
Interest expense	Nil	Nil
Other expense	61,759	39,579
Fee/commission income	Nil	Nil
Other Income	29	Nil

*During the year, the Bank has received refund of tax deducted at source on interest paid towards Head office borrowings amounting to INR 401,802 (Previous year – INR 60,162) which has been netted off in Schedule 15 "Interest Expended".

2.8. Deferred taxation

The Bank follows the accounting policy for taxes on income in line with the Accounting Standard 22 (AS-22) on 'Accounting for Taxes on Income' specified under section 133 of the Companies Act, 2013, as applicable.

The primary components that give rise to deferred tax assets and liabilities included in Schedule 11/5 – Other Assets/Liabilities are as follows:

(Rs. in 000's)

Particulars	31 March 2021	31 March 2020
Deferred tax asset	Nil	Nil
Depreciation on fixed assets	Nil	Nil
Deferred tax liability	Nil	1,964
Depreciation on fixed assets	Nil	1,964
Net deferred tax asset / (Liability)	Nil	(1,964)

2.9. Provisions, contingent liabilities and contingent assets

In accordance with the provisions of AS 29, 'Provisions, Contingent Liabilities and Contingent Asset', specified under section 133 of the Companies Act, 2013, as applicable given below are brief description of the nature of contingent liabilities recognised by the Bank.

Description of Contingent Liabilities

Contingent Liability	Brief Description
Claims against the Bank not acknowledged as debts	Includes various legal proceedings and outstanding tax matters in the normal course of business, which are disputed by the Bank.
Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest interest/ principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Forward Rate Agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. The notional amount that are recorded, as contingent liabilities are typically amounts used as a benchmark for the calculation of the interest component of the contracts.
Guarantees given on behalf of Constituents, Acceptances, Endorsements and other Obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable – Others	This includes Deposits transferred to Depositor Education and Awareness Fund.

2.10. Prior period items

There were no prior period items that have been debited / credited in the current period and previous year's Profit and Loss Account.

2.11. Software

Included in 'Other Fixed Assets' is capitalised software amounting:

(Rs.in 000's)

Particulars	As at 31 March 2021	As at 31 March 2020
At Book Value		
Beginning of the year	39,734	39,734
Additions during the year	Nil	Nil
Deductions during the year	Nil	Nil
Total	39,734	39,734
Depreciation		
Beginning of the year	39,734	39,734
Additions during the year	Nil	Nil
Deductions during the year	Nil	Nil
Total	**39,734**	**39,734**
Net Book Value	**Nil**	**Nil**

2.12. Priority Sector Lending Certificates (PSLC) purchased and sold during the year ended 31 March 2021:

The Bank has not purchased and sold Priority Sector Lending Certificates (PSLC) during the year ended 31 March 2021 (Previous Year: Nil)

2.13. Divergence in NPAs

The Bank was subjected to the RBI Supervisory Programme for Assessment of Risk and Capital (SPARC) for Financial Year 2019-20. The Bank has no outstanding loans as at 31 March 2021 (Previous Year : Nil). Accordingly there are no divergences in the Bank's asset classification and provisioning from the RBI norms.

2.14. Fraud Provisioning

The Bank has made provision for historical fraud cases amounting to Rs. 5,588 thousands, as advised by the Reserve Bank of India (Previous Year: Nil).

2.15. To the extent of the information received by the Bank from its vendors, there are no transactions with "suppliers" as defined under the Micro, Small and Medium Enterprises Development Act, 2006 during the year ended 31 March 2021, hence disclosures as required under the said Act are not applicable.

2.16. During the year, the Bank has appropriated Rs. 66,395 thousands (Previous Year : Nil) to Statutory Reserve account. Further, during the year, the Bank has appropriated Nil (Previous Year : Nil) (net of applicable taxes and transfer to statutory reserve) to Investment Reserve Account, being excess of provision on diminution of Investments credited to Profit and Loss Account, in accordance with the RBI guidelines.

2.17. Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013 the Bank is required to contribute 2% of the average gross profit of previous 3 years. Gross amount required to be spent by the Bank during the year is Nil (Previous Year: Nil). Amount actually spent during the year is Nil (Previous Year: Nil).

2.18. 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.

2.19. To align with the global strategy of its parent the India branch re-named itself from The Royal Bank of Scotland plc to NatWest Markets Plc. This was duly approved by Reserve Bank of India vide its letter DBR.IBD.No. 10746/23.03.031/2018-19 dated June 24, 2019.

The Bank has filed an application with RBI to close its business and operations with effect from close of business on 31 December 2019 vide letter dated 11 September 2019.

Further the Bank has filed an application with RBI to surrender its Banking licence issued under section 22 of the Banking Regulation Act ,1949 vide letter dated 14 May 2020.

2.20. As at 31 March 2021 the Bank has 7 Guarantees outstanding amounting to Rs. 4,035 thousands (Previous Year : Rs. 4,227 thousands). The Bank has provided for the same and accordingly not disclosed as Contingent Liability.

2.21. The Bank has Nil advances as on March 31, 2021 and March 31, 2020. Further as mentioned in para 2.19 above, the Bank is in the process of wind down. Accordingly the Covid-19 pandemic does not have significant impact on the Bank's financial statement. Further no disclosure is required under RBI circular COVID-19 Regulatory Package dated March 27, 2020 and under RBI circular COVID-19 Regulatory Package Asset Classification and Provisioning vide ref no. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020.

2.22. Figures for the previous year have been regrouped/reclassified, where necessary, to conform to current year's presentation.

As per our report of even date attached.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

For NatWest Markets Plc - India Branch
(Formerly known as The Royal Bank of Scotland plc - India Branch)

Sd/-
Swapnil Kale
Partner
Membership Number: 117812
Mumbai, 27 May 2021

Sd/-
Kapil Mathur
Country Executive
Gurugram 27 May 2021

Sd/-
Mithra Engineer
Chief Financial Officer
Mumbai, 27 May 2021

BASEL III – PILLAR III DISCLOSURES AS AT 31 MARCH 2021

NatWest Markets Plc – India Branch ("the Bank") is subject to the Basel III framework with effect from 27 February 2017 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. These disclosures have been set out in the following sections.

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

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.

NatWest Markets Plc Group Pillar 3 disclosures are published in accordance with the requirements of the Capital Requirements Directive on the Group Investor relations website www.investors.nwm.com and should be read together with the Group Annual Report and Accounts.

To align with the global strategy of its parent, during the financial year 2019-20, the India branch re-named itself from The Royal Bank of Scotland plc to NatWest Markets Plc. This was duly approved by Reserve Bank of India vide its letter DBR.IBD.No. 10746/23.03.031/2018-19 dated June 24, 2019.

The Bank has filed an application with RBI to close its business and operations with effect from close of business on 31 December 2019 vide letter dated 11 September 2019.

Further the Bank has filed an application with RBI to surrender its Banking licence issued under section 22 of the Banking Regulation Act ,1949 vide letter dated 14 May 2020.

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 Head Office.

Tier-II Capital includes country risk provision & Investment reserve account.

3. Capital Adequacy

a. Capital Management

The Bank actively manages its capital position to ensure compliance with regulatory norms.

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 12.5% (including the CCB & GSIB charge), 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 2021 as per the RBI guidelines on Basel III is 290.36% with a Tier-I capital adequacy ratio of 289.93% and Common equity capital adequacy ratio including capital conservation buffer and GSIB (capital charge for globally systemic important banks) 289.93%. Banks are required to maintain a capital conservation buffer of 2.50% for the year 2021 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. The Bank's capital management framework also includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually. The ICAAP encompasses capital planning for one 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'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 2021 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 12.5% for credit, Market and operational risks. The actual position of various components of capital is given below:

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

	Particulars	31 March 2021
A	**Capital requirements for Credit Risk**	32
	Portfolios subject to standardised approach	32
	Securitisation exposures	
B	**Capital requirements for Market Risk**	27
	Standardised duration approach	
	Interest rate risk	–
	Foreign exchange risk	27
	Equity risk	–
C	**Capital requirements for Operational risk**	
	Basic indicator approach	38
D	**Capital Adequacy Ratio of the Bank (%)**	290.36%
E	**CET 1 capital ratio plus capital conservation buffer (%)**	289.93%
F	**Tier II capital ratio (%)**	0.43%

Risk Management Framework:

As a financial intermediary, a 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.

NMP/05/JUNE/21

NatWest Markets Plc - India Branch

(Formerly known as The Royal Bank of Scotland plc - India Branch)

(Incorporated in Scotland with Limited Liability)

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 .

Structure and Organisation

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

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

- Identification of all material risks that are relevant to the Bank covering all the current activities of the Bank
- 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 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 NWM 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 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 NWM NatWest Markets ALCO.

The Bank 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 level, in-country decision-making forum that serves as the board Board for the Bank; to oversee and control execution of strategy of NWM in India. The MTCO MTCo meets monthly and is responsible for all policy matters and periodic review of the same. It is chaired by the Country Executive (CEO) and its members include Head - Client Office, Head - Sales & Trading, Head - Retail Banking, Chief Administrative Officer (CAO), Chief Governance Officer (CGO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head - Operations & Off Boarding, Head of Technology/ CIO, Head - Conduct & Regulatory Affairs (C&RA), Head - HR and Head - Legal.
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 NWM 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 (ALCo)	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 NWM/NWM Group ALCo. The members of the ALCO include the Country Executive (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Chief Administrative Officer (CAO), Head - Client Office, Head - Sales & Trading, Head of Retail, and Country Treasury Manager. Regional Treasurer has a permanent/standing invitation to attend the Country ALCo. A representative of Internal Audit has a right of attendance at the Country ALCo meetings.
Audit Committee (IAC)	The India Bank Audit Committee (IAC) is established to manage and oversee the audit approach for the India Bank (NWM plc 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 (CEO) and meets quarterly. The members include Head-Sales and Trading, Head - Retail Banking, Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head – Compliance, Head – Human Resources, Country Head of Operations, Head –Technology, Head-Legal and Chief Administrative Officer (CAO), Head - Client Office, Head of Audit. The Chief of Internal Vigilance (CIV) is invited to present the Frauds Identification, Classification & Reporting for the quarter.
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 half-yearly 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 (CEO) and its members include Head - Customer Service, Principal Nodal Officer, representatives from all other Business Units, as well as representation from Compliance.
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 NWM 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 CAO and consists of at least 2 employees of NWM plc., 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 NWM plc 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 (OSC)	Outsourcing Committee (OSC) is the In-Country level forum to discuss and oversee 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 NWM Group Policy Standard and RBI guidelines along with periodic review of the same. It is chaired by the Head – Retail Bank of the Bank and its members include the Chief Risk Officer (CRO), Head of Operations-India, Head of Ops Risk & Control, Head of Compliance, Chief Governance Officer (CGO), with permanent/standing invitations to representatives from HR, Finance, Technology & PMO.
India Information Security Steering Committee (ISSC)	The India ISSC is the apex in-country Governance & Controls body established by the Country Executive Committee (MTCo), to devise strategies and policies for protection of all assets of NWM plc –India branch (Including information, applications, infrastructure and people). The ISSC convenes quarterly and is chaired by the Country Executive (CEO), with its members including, Head - Client Office, Head - Sales & Trading, Head - Retail Banking, Chief Information Security Officer (CISO), Chief Administrative Officer (CAO), Chief Governance Officer (CGO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head - Operations & Off Boarding, Head of Technology/ CIO, Head - Conduct & Regulatory Affairs (C&RA), Head - HR and Head - Legal.
IT Steering Committee (ITSC)	The IT Steering Committee (ITSC) – India Bank 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, viz. IT Project Management, Application Support, Application Development, Telecom and Networks, Data Centre Operations, Application Server Hosting & Infrastructure Services, End User Computing, Disaster Recovery and Business Continuity Planning, etc The ITSC convenes quarterly and is chaired by the Head of Technology/ CIO, with its members including, Country Executive (CEO), Head - Client Office, Head - Sales & Trading, Head - Retail Banking, Chief Information Security Officer (CISO), Chief Administrative Officer (CAO), Chief Governance Officer (CGO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head - Operations & Off Boarding, Head - Conduct & Regulatory Affairs (C&RA), Head - HR, Head – Legal, Head - Internal Audit, PMO and Head - IT (APAC).

Committee	Responsibilities
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 Operations, Head Markets, Head Human Resources, Head Legal and Head Compliance.

Group Level

Committee	Responsibilities
Group Board	The Group Board is the Board of Directors of NatWest Markets group plc. It meets periodically with ad hoc meetings convened when necessary. The Group Board is collectively responsible for the long-term success of the Group and the delivery of sustainable value to shareholders. Its role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. It sets the strategic aims of the Group, ensures that the necessary resources are in place for the Group to meet its obligations, is responsible for the allocation and raising of capital and reviews business and financial performance. The Group Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met. The Group Board reviews and approves the risk appetite framework and risk appetite targets for the Group's strategic risk objectives. It reviews, and as an appropriate, approves the results of, and actions arising from, Prudential Regulatory Authority and other enterprise-wide regulatory stress tests or other regulatory tests or investigations. The Group Board also considers longer-term strategic threats to the Group's business operations.
Group Audit Committee	The GAC's primary responsibilities, as set out in its terms of reference, are to assist the Group and Bank Boards in discharging their responsibilities in respect of: financial reporting, accounting policy of internal controls; processes for Internal and External Audit and oversight of the Group's relationship with its regulators. GAC meets at least six times a year, and as required, and operates under delegated authority from the Group and Bank Boards.
Board Risk Committee	The BRC is responsible for providing oversight and advice to the Group and Bank Boards in relation to current and potential future risk exposures of the Group and future risk strategy, including risk appetite and tolerance. BRC will review the performance of the Group relative to risk appetite, provide oversight of the effectiveness of key Group-wide policies and provide risk input to remuneration decisions. BRC has responsibility for promoting a risk awareness within the Group. The Committee meets at least eight times per annum and on an ad hoc basis as required. BRC operates under delegated authority from the Group and Bank Boards and the Committee will report and make recommendations to the Group and Bank Boards as required.
Group Performance and Remuneration Committee	The RemCo has oversight of the Group's policy on remuneration. It reviews performance and makes recommendations to the Group Board on remuneration of executive directors. RemCo is also responsible for approving remuneration and severance arrangements for the Group's Executive Committee and High Earners, oversees arrangements for employees identified as material risk takers falling within the scope of the UK remuneration regulations. RemCo consults and receives advice from management and other Board Committees as appropriate in the implementation of the Remuneration Policy. RemCo meets at least six times a year, and as required, and operates under delegated authority from the Group and Bank Boards.
Group Nominations and Governance Committee	The N&GC assists the Group and Bank Boards in the selection and appointment of directors to the Group and Bank Boards and the consideration and approval of appointments to the boards of directors of the Group's principal and material regulated subsidiaries. It reviews the structure, size and composition of the Group and Bank Boards, and membership and chairmanship of Board committees and oversees the induction, training and continuous professional development of directors. N&GC also has responsibility for monitoring the Group's governance arrangements in order to ensure best corporate governance standards and practices are upheld. In addition, N&GC will consider developments relating to banking reform and analogous issues affecting the Group in the Markets where it operates, and will make recommendations to the Group Board on any consequential changes to the Group's governance model. N&GC meets at least four times a year, and as required, and operates under delegated authority from the Group and Bank Boards.
Sustainable Banking Committee	The SBC supports the Board in overseeing, supporting and challenging actions being taken by management to run the bank as a sustainable business, capable of generating long term value for its stakeholders. The Committee will have specific focus on culture, people, customer, brand, communications and ESE (environmental, social and ethical) issues. SBC meets at least six times a year in addition to regular stakeholder engagement sessions, and operates under delegated authority from the Group and Bank Boards
Executive Committee	The ExCo is responsible for managing strategic, financial, capital, risk and operational issues affecting the Group. It reviews and debates relevant items before they are submitted to the Group Board and relevant board committees. ExCo has authority to consider and approve the opening of overseas branches and any related requirements. ExCo also has authority to assess and approve acquisitions and disposals in accordance with the delegated authority and expenditure limits set out. Material customer issues and executive succession planning are also considered by ExCo. ExCo meets atleast eleven times a year and as required. The ExCo operates under delegated authority from the Group Board and, as appropriate, the Bank Boards.

In addition to the above, there is Technology and Innovation Committee at the Group level.

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'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 rating tools are an integral part of risk-assessment

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.

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.

In line with the exit strategy of the bank, there are no funded exposures outstanding as of 31March 2021. The existing credit portfolio is being wound down with very limited residual non funded exposures as on 31 March 2021, which has been provided for.

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.

Additionally, RBI guidelines on Resolution of Stressed Assets – Revised Framework is also adhered to for classification, reporting and implementation of resolution for stressed assets.

Restructured assets

The Bank ensures that prudential guidelines in respect of income recognition, asset classification & provisioning (including restructuring of advances) as specified by the RBI from time to time are 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 2021		
	Domestic	Overseas	Total
Fund Based	1,906	–	1,906
Non Fund Based	–	–	–
Total	**1,906**	**–**	**1,906**

Industry distribution of exposures (Rs. In crore)

Industry Classification	31 March 2021	
	Funded	Non funded
All Engineering	–	–
Basic Metal and Metal Products	–	–
Chemicals and Chemical Products (Dyes, Paints, etc.)	–	–
Food Processing	–	–
Gems and Jewellery	–	–
Glass & Glassware	–	–
Infrastructure	–	–
Other Industries	–	–
Paper and Paper Products	–	–
Residuary Other Advances	–	–
Rubber, Plastic and their Products	–	–
Other residuary advances	1,906	–
Total	**1,906**	**–**

Residual Contractual/Behavioural Maturities breakdown of Assets as at 31 March 2021

(Rs. In crore)

Particulars	Deposit	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Up to 1 day	Nil	Nil	Nil	Nil	2	Nil
2 to 7 days	Nil	Nil	Nil	Nil	Nil	Nil
8 to 14 days	Nil	Nil	Nil	Nil	Nil	Nil
15 to 28 days	Nil	Nil	Nil	Nil	Nil	Nil
29 days to 3 months	Nil	Nil	224	341	Nil	342
Over 3 months & up to 6 months	Nil	Nil	3,968	184	1,655	184
Over 6 months & up to 1 year	Nil	Nil	Nil	1125	Nil	1,126
Over 1 Year & up to 3 Years	Nil	Nil	Nil	Nil	Nil	Nil
Over 3 Year & up to 5 Years	Nil	Nil	Nil	Nil	Nil	Nil
Over 5 Years	Nil	Nil	Nil	Nil	Nil	Nil
Total	**Nil**	**Nil**	**4,192**	**1,650**	**1,656**	**1,652**

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

	Particulars	31 March 2021
A	Amount of NPAs (Gross)	–
	Substandard	–
	Doubtful	–
	Loss	–
B	Net NPAs	–
C	NPA Ratios	
	Gross NPAs to gross advances (%)	–
	Net NPAs to net advances (%)	–
D	Movement of NPAs (Gross)	
	Opening balance	–
	Additions during the year/on amalgamation	–
	Reductions during the year/on amalgamation	–
	Closing balance	–
E	Movement of Provision for NPAs	–
	Opening balance	–
	Provision made during the year/on amalgamation	–
	(Write – Offs)/Write – Back of excess provision	–
	Closing balance	–

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

Movement of Specific and General Provisions as on 31 March 2021 (Rs. In crore)

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

Details of write off's and recoveries that have been booked directly to the income statement as on 31 March 2021 (Rs. In crore)

Particulars	31 Mar 2021
Write offs that have been booked directly to the income statement	–
Recoveries that have been booked directly to the income statement	1.21

Major Industries break up of Provision as on 31 March 2021 (Rs. In crore)

Industry	Specific Provision	General provision
Paper and paper products	–	–
Other Industries	–	–
Total	**–**	**–**

Major Industries break up of NPA as on 31 March 2021 (Rs. In crore)

Industry	Gross NPA
Paper and paper products	–
Total	**–**

Major Industries breakup of specific provision and write-off's for the financial year 31 March 2021 (Rs. In crore)

Industry	Provision	Write-offs
Paper and paper products	–	–

Geography wise distribution of NPA and Provision as on 31 March 2021 (Rs. In crore)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	–	–	–
Overseas	–	–	–
Total	–	–	–

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

The Bank has not applied external ratings to its funded or non-funded 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)

Particulars	31 March 2021
Below 100% risk weight	309
100% risk weight	254
More than 100% risk weight	–
Deductions	
Investments in subsidiaries	–

6. Credit Risk Mitigation

The Bank uses various collaterals both financial and guarantees as credit risk mitigants. The main financial collaterals include bank deposits. The guarantees include those given by Corporate & Bank.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.

In line with the exit strategy of the bank, there are no funded exposures outstanding as of 31March 2021. The existing credit portfolio is being wound down with very limited residual non funded exposures as on 31 March 2021, which has been provided for.

DF – 6: Detail of total credit exposure position as on 31 March 2021 (Rs. In crore)

Particulars	31 March 2021
Covered by	
Financial collaterals	–
Guarantees	–

7. Securitisation

DF – 7: Securitisation

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

8. Market Risk in Trading Book

Following the business restructuring in previous years there is no more trading desks in NWM Plc India Branch and hence there is no Market risk incurred from trading positions incurred in the branch.

Market risk is the risk to the Bank earnings and capital arising from changes in the Market level of interest rates or prices of securities and foreign exchange rates. There is a residual Market risk position incurred in the branch from the head office capital fund and the investment of the fund. The Bank adopts a comprehensive approach to Market risk management for these residual activities and Market risk is governed by the risk policies of the Branch and NWM Group.

Market risk of the branch is managed by the Markets function and with the Market Risk Management function as the second line of defence. Market risk exposures are reported, monitored against limits and analysed daily.

The main Market risk measures of the Branch are:

- Value at Risk ("VaR")
- Sensitivities to Market risk factors (PV01, XCCY Basis etc.)
- Open FX positions

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

Market Risk capital charge is calculated using the non-modelled approach, whereby RBI prescribed rules are applied.

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

Particulars	Amount of Capital required
	31 March 2021
Interest rate risk	–
Foreign exchange risk (including gold)	27
Equity position risk	–

NMP/06/JUNE/21

NatWest Markets Plc - India Branch

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(Incorporated in Scotland with Limited Liability)

9. Operational Risk – Three lines of defence model

1st Line of Defence – Management & Supervision

NWM the Bank operates three lines of defence model which outlines the principles for the roles, responsibilities and accountabilities for operational risk management.

The 1LOD encompasses most roles in the bank. Including those that directly serve our customers or which directly support those that do.

They originate and own most of the risks in the bank and are responsible for the management of these within risk appetite.

First line responsibilities:

- Development of business and function strategy aligned to, and informed by, financial objectives, customer outcomes and within risk appetite
- Proposing their risk appetite, aligned to group-wide risk appetite where cascaded
- The management of risks in business delivery within risk appetite
- Exercising informed judgement in considering risk in decision making
- Designing, implementing and maintaining effective processes, procedures, controls to identify, measure, report and mitigate risks within risk appetite
- Demonstrating the adequacy and effectiveness of controls and remediate where residual risk is outside of appetite
- Compliance with the letter and spirit of all legal and regulatory requirements and maintenance of records to evidence compliance

2nd Line of Defence – Oversight & Control

The 2LOD primarily comprises roles in the Risk Function. They

- Set the standards for the effective management of risk across the bank and undertake independent oversight and challenge to ensure these are being managed within risk appetite
- Provide expert guidance and direction to the 1LOD in the application of effective risk and control frameworks and consideration of risk in decision making

Second line responsibilities:

Roles in the Risk Function

These set the standards for, and the independent oversight of, the effective management of risk. Activities can include;

- Defining, managing and maintaining risk management frameworks and policies, to inform the effective management of risk in the 1LOD
- Facilitate, aggregate and propose group-wide strategic and material risk appetite statements to be approved by the Group Board and Executive
- Where delegated approve the group wide, legal entity, franchises and functions' risk appetite and restricted access throughout the Group, providing independent oversight and challenge of the implementation of risk management frameworks, policies and controls within the 1LOD (including legal entities) to manage risks within appetite and within the letter and spirit of all legal and regulatory requirements. This includes
  - Providing guidance, insights and direction to support consideration of risk in decision-making
  - Challenging a proposed decision and provide direction where risks have the potential to exceed risk appetite, breach policy or where risk appetite and controls are inadequately expressed or embedded
  - Imposing controls to support the management of risk within risk appetite
  - Exercising its right and obligation to veto

3rd Line of Defence – Internal Audit

The 3LOD is Internal Audit.

They provide the Board and senior management with independent assurance on the appropriateness of the design and operational effectiveness of governance, risk management and internal controls to monitor, manage and mitigate the bank's material risks.

Third line responsibilities:

Internal Audit remit is unrestricted and provides independent assurance on the appropriateness of the design and operational effectiveness of governance, risk management and internal controls to monitor, manage and mitigate the bank's material risks.

Standard accountabilities for all roles across the Three Lines of Defence:

- To provide management with relevant information on risk, including escalating concerns where appropriate
- For the management and oversight of risk relating to day-to-day activities, including compliance with Our Code, all NWM policies, 'How we manage NWM', and if applicable 'How we manage our Business'
- To display, and evidence where appropriate, those risk practices and behaviours are consistent with a risk culture where "risk is simply part of the way we work and think"
- To work collaboratively across the 3LOD

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

The Operational Risk Handbook provides the direction for delivering an effective operational risk management. The objectives 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 operational risk management is 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.

   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'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 has adopted Basic Indicator approach for computing capital charge for operational risk. The capital required for operational risk at 31 March 2021 was 38 crores.

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 interest rate sensitive assets and liabilities on its Balance sheet. 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 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:

Economic value perspective (Rs. In crore)

	31 March 2021	
	-200	200
INR	–	–
USD	(6)	6
GBP	–	–
EUR	–	–
JPY	–	–
RES	–	–
Total	**(6)**	**6**

Earnings perspective (Rs. In crore)

	31 March 2021	
	-200	200
INR	(34)	34
USD	(7)	7
GBP	–	–
EUR	–	–
JPY	–	–
RES	–	–
Total	(41)	41

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 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. The Bank follows the group-wide policy framework on collateral requirement in the event of credit rating downgrade.

The Bank has not entered into any Derivative transaction during the year.

Composition of Capital

Sr. No.	Particular	Amount (Rs. In millions)	Ref No.
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	28,028	a
2	Retained earnings	(2,016)	b+c+d+i
3	Accumulated other comprehensive income (and other reserves)	–	
4	Directly issued capital subject to phase out from CET1 (only applicable to non–joint stock companies1)	–	
	Public sector capital injections grandfathered until 1 January 2019	–	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–	
6	Common Equity Tier 1 capital before regulatory adjustments	26,012	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	–	
8	Goodwill (net of related tax liability)	–	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	–	
10	Deferred tax assets	–	e
11	Cash-flow hedge reserve	–	
12	Shortfall of provisions to expected losses	–	
13	Securitisation gain on sale	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined-benefit pension fund net assets	–	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in common equity	–	
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	–	
	Does not own more than 10% of the issued share capital(amount above 10% threshold)	–	
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)	–	
20	Mortgage servicing rights (amount above 10% threshold)	–	
21	Deferred tax assets arising from temporary differences5(amount above 10% threshold, net of related tax liability)	–	
22	Amount exceeding the 15% threshold6	–	
23	of which: significant investments in the common stock of financial entities	–	
24	of which: mortgage servicing rights	–	
25	of which: deferred tax assets arising from temporary differences	–	
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	–	
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	–	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries8	–	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	–	
26d	of which: Unamortised pension funds expenditures	–	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–	
28	Total regulatory adjustments to Common equity Tier 1	–	
29	Common Equity Tier 1 capital (CET1)	26,012	
	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)	–	
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	–	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	–	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	–	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	–	
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 does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–	
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	–	
41	National specific regulatory adjustments (41a+41b)	–	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	–	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with The Bank	–	e
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–	
43	Total regulatory adjustments to Additional Tier 1 capital	–	
44	Additional Tier 1 capital (AT1)	–	
44a	Additional Tier 1 capital reckoned for capital adequacy11	–	
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	26,012	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	
47	Directly issued capital instruments subject to phase out from Tier 2	–	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)	–	
49	Of which: Instruments issued by subsidiaries subject to phase out	–	
50	Provisions	39	g+h
51	Tier 2 capital before regulatory adjustments	39	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	–	
53	Reciprocal cross-holdings in Tier 2 instruments	–	
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 does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–	
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments (56a+56b)	–	
56a	Of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	–	
56b	Of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with The Bank	–	
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital (T2)	39	
58a	Tier 2 capital reckoned for capital adequacy14	39	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	–	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	39	
59	Total capital (TC = T1 + T2) (45 + 58c)	26,050	
60	Total risk weighted assets (60a + 60b + 60c)	8,972	
60a	Of which: total credit risk weighted assets	2,587	
60b	Of which: total Market risk weighted assets	3,375	
60c	Of which: total operational risk weighted assets	3,010	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	289.93%	
62	Tier 1 (as a percentage of risk weighted assets)	289.93%	
63	Total capital (as a percentage of risk weighted assets)	290.36%	
64	Institution specific buffer requirement (minimum CET1requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	–	
65	Of which: capital conservation buffer requirement	–	
66	Of which: bank specific countercyclical buffer requirement	–	
67	Of which: G-SIB buffer requirement	–	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	280.93%	
	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)	12.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	–	
73	Significant investments in the common stock of financial entities	–	
74	Mortgage servicing rights (net of related tax liability)	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	–	
	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)	32	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	32	
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 June 31, 2017 and June 31, 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	–
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability *	–
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

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	Particular	(Rs. In million)
	(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)	–
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	–
50	Eligible Provisions included in Tier 2 capital	32
	Eligible Revaluation Reserves included in Tier 2 capital	–
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)	–

Composition of Capital – Reconciliation Requirements

	Particulars	Balance sheet as in financial statements As on 31 March 2021 (Rs. In Millions)	Reference No.
A	**Capital & Liabilities**		
i	Paid-up Capital	28,028	a
	Reserves & Surplus	(1,811)	
	Of which:		
	Statutory Reserves	301	b
	Capital Reserves	14	c
	Other Revenue reserves	(2,332)	d
	Investment fluctuation Reserve	6	g
	Balance in Profit/Loss account	-	i
	Minority Interest	–	
	Total Capital	26,217	
ii	Deposits	–	
	Of which: Deposits from banks	–	
	Of which: Customer deposits	–	
	Of which: Other deposits (pl. specify)	–	
iii	Borrowings	16,495	
	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	16,495	
	Of which: Capital instruments	–	f
iv	Other liabilities & provisions	4,830	
	Of which: Provision for Standard Advances	41	h
	Total	**47,543**	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	1,244	
	Balance with banks and money at call and short notice	220	
ii	Investments:	41,919	
	Of which: Government securities	41,919	
	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	–	
	Of which: Loans and advances to banks	–	
	Of which: Loans and advances to customers	–	
iv	Fixed assets	50	
v	Other assets	4,110	
	Of which: Goodwill and intangible assets	–	
	Of which: Deferred tax assets	–	e
vi	Goodwill on consolidation	–	
vii	Debit balance in Profit & Loss account	–	
	Total Assets	**47,543**	

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	NA
5	Post-transitional Basel III rules	NA
6	Eligible at solo/group/group & solo	NA
7	Instrument type	NA
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	NA
9	Par value of instrument	NA
10	Accounting classification	NA
11	Original date of issuance	NA
12	Perpetual or dated	NA
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons/dividends	NA
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
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	NA
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	NA
37	If yes, specify non-compliant features	NA

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	NA	NA
5	Post-transitional Basel III rules	NA	NA
6	Eligible at solo/group/group & solo	NA	NA
7	Instrument type	NA	NA
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	NA	NA
9	Par value of instrument	NA	NA
10	Accounting classification	NA	NA
11	Original date of issuance	NA	NA
12	Perpetual or dated	NA	NA
13	Original maturity date	NA	NA
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	NA	NA
16	Subsequent call dates, if applicable	NA	NA
	Coupons/dividends	NA	NA
17	Fixed or floating dividend/coupon	NA	NA
18	Coupon rate and any related index	NA	NA
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	NA	NA
22	Noncumulative or cumulative	NA	NA
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)	NA	NA
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	NA	NA

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:

Leverage Common Disclosure (Rs. In Million)

S. No.	Leverage ratio framework	As of 31 Mar 2021	As of 31 Dec 2020	As of 30 Sep 2020	As of 30 Jun 2020
	On Balance Sheet exposures	**47,543**	47,816	47,083	46,811
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	47,543	47,816	47,083	46,811
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	0	0	0	0
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	**47,543**	**47,816**	**47,083**	**46,811**
	Derivative Exposures				–
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation Margin)				–
5	Add-on amounts for PFE associated with all derivatives transactions				–
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework				–
7	(Deductions of receivables assets for cash variation Margin provided in derivatives transactions)				–
8	(Exempted CCP leg of client-cleared trade exposures)				–
9	Adjusted effective notional amount of written credit derivatives				–
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)				–
11	Total derivative exposures (sum of lines 4 to 10)				
	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		-	700	170
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		-	-	-
14	CCR exposure for SFT assets		–	–	–
15	Agent transaction exposures		–	–	–
16	Total securities financing transaction exposures (sum of lines 12 to 15) Other off-balance sheet exposures		–	700	170
	Other Off – balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	–	4	4	4
18	(Adjustments for conversion to credit equivalent amounts)	–	(0)	(0)	(0)
19	Off-balance sheet items (sum of lines 17 and 18)	–	4	4	4
	Capital and total exposures				
20	Tier 1 capital	26,012	25,945	25,842	26,280
21	Total exposures (sum of lines 3, 11, 16 and 19)	47,543	47,820	47,787	46,985
	Leverage ratio	54.71%	54.26%	54.08%	55.93%
22	Basel III leverage ratio	54.71%	54.26%	54.08%	55.93%

Comparison of accounting assets and Leverage ratio exposure (Rs. In Million)

S. No.	Particulars	As of 31 Mar 2021	As of 31 Dec 2020	As of 30 Sep 2020	As of 30 Jun 2020
1	Total consolidated assets as per published financial statements	47,543	47,816	47,783	46,981
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–	–	–	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–	–	–	–
4	Adjustments for derivative financial instruments	–	–	–	–
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–	–	–	–
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	–	4	4	4
7	Other adjustments	–	–	–	–
8	Leverage ratio exposure	47,543	47,820	47,787	46,985

Reconciliation of total published balance sheet size and on balance sheet exposure under common disclosure (Rs. In Million)

S. No.	Particulars	As of 31 Mar 2021	As of 31 Dec 2020	As of 30 Sep 2020	As of 30 Jun 2020
1	Total consolidated assets as per published financial statements	47,543	47,816	47,783	46,981
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation Margin	–	–	–	–
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–	–	(700)	(170)
4	Adjustment for entitles outside the scope of regulatory consolidation	–	–	–	–
5	On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs)	47,543	47,816	47,083	46,811

Leverage Ratio

(Rs in millions)	As of 31 Mar 2021	As of 31 Dec 2020	As of 30 Sep 2020	As of 30 Jun 2020
Tier 1 Capital	26,012	25,945	25,842	26,280
Exposure Measure	47,543	47,820	47,787	46,985
Leverage Ratio	54.71%	54.26%	54.08%	55.93%

Disclosure Requirements for Remuneration

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.

Liquidity Coverage Ratio

	Particulars (Amount in crores)	Jun-20		Sep-20		Dec-20		March-21		Consolidated Average April to March 2021	
		Average		Average		Average		Average		Average	
		Unweighted	Weighted	Unweighted	Unweighted	Weighted	Weighted	Weighted	Weighted	Unweighted	Weighted
1	**Total High Quality Liquid Assets (HQLA)**	4,227	4,227	4,189	4,189	4,237	4,237	4,187	4,187	4,210	4,210
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:										
(i)	Stable deposits										
(ii)	Less stable deposits										
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits (all counterparties)										
(ii)	Non-operational deposits (all counterparties)										
(iii)	Unsecured debt	121	121	439	439	105	105	428	428	273	273
4	Secured wholesale funding										
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements -	3	3	3	3	3	3	3	3	3	3
(ii)	Outflows related to loss of funding on debt products										
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	15	15	25	25	15	15	21	21	19	19
7	Other contingent funding obligations	0	0	0	0	0	0	0	0	0	0
8	**Total Cash Outflows**	**139**	**139**	**467**	**467**	**123**	**123**	**452**	**452**	**295**	**295**
Cash Inflows (A)											
9	Secured lending (e.g. reverse repos)	35	35	67	67	55	55	53	53	52	52
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
11	Other cash inflows	52	50	51	48	51	51	49	48	51	49
12	**Total Cash Inflows**	**87**	**85**	**118**	**115**	**106**	**106**	**102**	**101**	**103**	**101**
13	Total HQLA		4,227		4,189		4,237		4,187		4,210
14	Total Net Cash Outflows (B)		53		352		17		350		193
15	25% of total cash outflows (25% of A) (C)		35		117		31		113		74
16	Total Net Cash Outflows - Higher of B or C		53		352		31		350		193
17	Liquidity Coverage Ratio (%)		**7,975%**		**1,190%**		**13,668%**		**1,196%**		**2,181%**

Based on the above, average LCR (all currency) for the Bank for the year ended 31 March 2021 is 2,181% against the regulatory minimum of 100%.The LCR is computed as simple averages of daily observations from 01 April 2020 to 31 March 2021.

NMP/08/JUNE/21