THE ROYAL BANK OF SCOTLAND N.V.

Indian Branches

BALANCE SHEET AS AT 31 MARCH 2016

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT TEAM COMMITTEE OF THE ROYAL BANK OF SCOTLAND N.V. - INDIAN BRANCHES

Report on the Financial Statements

We have audited the accompanying financial statements of **THE ROYAL BANK OF SCOTLAND N.V. - INDIAN BRANCHES** (the "Bank"), which comprise the Balance Sheet as at 31 March 2016, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Bank's Management is responsible for 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 provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Companies Act, 2013 (the "Act"), in so far as they apply to banks, and the Guidelines issued by the Reserve Bank of India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding 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 are 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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, the Companies Act, 2013 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 31 March 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 18-2.12 to the financial statements which indicates that subsequent to the year-end, the Bank has decided to reduce its business. However, for the reasons indicated in the said note the accounts are prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act and 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 purposes of our audit and found them to be satisfactory.
    b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.
    c) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.
    d) 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.
    e) 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.

f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, in so far as they apply to banks.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank’s internal financial controls over financial reporting.

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 information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements;

   ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Bank.

2. We report that during the course of our audit we have visited and performed select relevant procedures at 2 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the core banking systems, it does not require its branches, to submit any financial returns. Accordingly our audit is carried out centrally at the Head Office based on the necessary records and data required for the purposes of the audit and made available to us.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No.117365W)

Sd/-
Rukshad N. Daruvala
Partner
(Membership No. 111188)

Mumbai, 29 June 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **THE ROYAL BANK OF SCOTLAND N.V. - INDIAN BRANCHES** (the "Bank") as at 31 March 2016 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 over financial reporting 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate 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 Companies Act, 2013, the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting 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 and other applicable regulations. A Bank's internal financial control over financial reporting 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 authorisations of Management of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

Sd/-
Rukshad N. Daruvala
Partner
(Membership No. 111188)

Mumbai, 29 June 2016

THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in the Netherlands with Limited Liability)

INDIAN BRANCHES

BALANCE SHEET AS AT 31 MARCH 2016

	Schedules	As at 31 March 2016 Rs. in 000's	As at 31 March 2015 Rs. in 000's
CAPITAL AND LIABILITIES			
CAPITAL	1	1,690,151	1,690,151
RESERVES AND SURPLUS	2	26,477,394	27,033,332
DEPOSITS	3	79,623,084	105,127,392
BORROWINGS	4	15,739,244	26266,924
OTHER LIABILITIES AND PROVISIONS	5	23,267,857	30,075,378
TOTAL		**146,797,730**	**190,193,177**
ASSETS			
CASH AND BALANCES WITH THE			
RESERVE BANK OF INDIA	6	9,157,552	9,969,020
BALANCES WITH BANKS AND MONEY			
AT CALL AND SHORT NOTICE	7	8,327,417	1,100,851
INVESTMENTS	8	80,699,711	46,463,221
ADVANCES	9	35,390,603	111,507,405
FIXED ASSETS	10	375,155	623,882
OTHER ASSETS	11	12,847,292	20,528,798
TOTAL		**146,797,730**	**190,193,177**
CONTINGENT LIABILITIES	12	486,751,097	1,249,079,666
BILLS FOR COLLECTION		196,086,304	77,682,625
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.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

		Schedules	For the year ended 31 March 2016 Rs. in 000's	For the year ended 31 March 2015 Rs. in 000's
I	**INCOME**			
	INTEREST EARNED	13	11,311,040	14,306,477
	OTHER INCOME	14	2,278,726	3,346,450
	TOTAL		13,589,766	17,652,927
II	**EXPENDITURE**			
	INTEREST EXPENDED	15	4,818,808	6,794,711
	OPERATING EXPENSES	16	7,495,005	7,880,514
	PROVISIONS AND CONTINGENCIES (Refer Schedule 18-1.19)		986,315	1,805,909
	TOTAL		13,300,128	16,481,134
III	**PROFIT**			
	NET PROFIT FOR THE YEAR (Refer Schedule 18-2.11)		289,638	1,171,793
	PROFIT BROUGHT FORWARD		845,576	2,656,553
	TOTAL		1,135,214	3,828,346
IV	**APPROPRIATIONS**			
	TRANSFER TO STATUTORY RESERVE		72,410	292,948
	INVESTMENT RESERVE (Refer Schedule 18-2.14)		-	33,269
	TRANSFER TO CAPITAL RESERVE (Refer Schedule 18-2.14)		63,057	-
	REMITTANCE TO HEAD OFFICE		845,576	2,656,553
	BALANCE CARRIED FORWARD TO BALANCE SHEET		154,171	845,576
	TOTAL		1,135,214	3,828,346
	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 Deloitte Haskins & Sells	**For The Royal Bank of Scotland N.V. - Indian Branches**	
Chartered Accountants		
Sd/-	**Sd/-**	**Sd/-**
Rukshad N. Daruvala	**Ramit Bhasin**	**Jaykumar Shah**
Partner	**Interim Country Executive - India**	**Chief Financial Officer - India**
Mumbai, 29 June 2016	**Mumbai, 29 June 2016**	**Mumbai, 29 June 2016**

THE ROYAL BANK OF SCOTLAND N.V.
(Incorporated in the Netherlands with Limited Liability)
INDIAN BRANCHES

CASH FLOW STATEMENT

	Year ended 31 March 2016 (Rs. in 000's)	Year ended 31 March 2015 (Rs. in 000's)
Cash flows from Operating Activities		
Net Profit before taxes	1,386,172	2,926,013
Adjustment for		
Depreciation on Bank's property	246,565	304,655
Provision for Depreciation/(Write back) on Investments	-	(78,179)
Amortisation of premium on HTM Investments	10,639	12,753
Interest on Sub-ordinated Debt / Innovative Perpetual Debt / Hybrid Capital	513,580	532,106
Provision towards NPAs (net of write backs)	(727,777)	(431,394)
Bad Debts written off	613,120	337,896
Provision on standard assets including Unhedged Foreign Currency Exposure	4,438	223,366
(Profit)/Loss on sale of Fixed Assets	(62,580)	4,860
Net Unrealised Exchange Loss/(Gain) on Innovative Perpetual Debt / Hybrid Capital	1,760,087	(1,522,757)
Operating Profit before changes in working capital	**3,744,244**	**2,309,319**
Changes in working capital		
Decrease in Other Liabilities and Provisions	(6,813,650)	(6,260,536)
Decrease in Deposits	(25,504,308)	(11,129,095)
(Increase)/Decrease in Investments	(34,347,130)	7,979,883
(Increase) / Decrease in Advances	76,231,459	(62,248)
Decrease in Other Assets	7,575,002	5,087,499
	17,141,373	**(4,384,497)**
	20,885,617	**(2,075,178)**
Taxes paid	(990,030)	(1,525,992)
Net cash from / (used in) Operating Activities	**19,895,587**	**(3,601,170)**
Cash flows from Investing Activities		
Purchase of Fixed Assets	(145,697)	(221,481)
Proceeds from sale of Fixed Assets	210,439	16,146
Proceeds from redemption of HTM investment	100,000	-
Net cash from / (used in) Investing Activities	**164,742**	**(205,335)**
Cash flows from Financing Activities:		
Profit remitted to Head office during the year	(845,576)	(2,656,553)
(Repayment) / Proceeds (of) /from Other Borrowings	(12,287,767)	6,706,259
Interest on Sub-ordinated Debt / Innovative Perpetual Debt / Hybrid Capital	(511,888)	(534,264)
Net cash from / (used in) Financing Activities	**(13,645,231)**	**3,515,442**
Net Increase / (Decrease) in cash and cash equivalents	**6,415,098**	**(291,063)**
Cash and cash equivalents as at April 1	11,069,871	11,360,934
Cash and cash equivalents as at March 31	**17,484,969**	**11,069,871**
Notes to the Cash flow statement:		
Cash and cash equivalents includes the following		
	31 March 2016 (Rs. in 000's)	**31 March 2015 (Rs. in 000's)**
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	9,157,552	9,969,020
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	8,327,417	1,100,851
	17,484,969	**11,069,871**

As per our report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Sd/-
Rukshad N. Daruvala
Partner
Mumbai, 29 June 2016

For The Royal Bank of Scotland N.V. - Indian Branches

Sd/-
Ramit Bhasin
Interim Country Executive - India
Mumbai, 29 June 2016

Sd/-
Jaykumar Shah
Chief Financial Officer - India
Mumbai, 29 June 2016

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2016

	As at 31 March 2016 Rs. in 000's	As at 31 March 2015 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	8,380,000	8,050,000
II Head Office Account	1,690,151	1,690,151
TOTAL	1,690,151	1,690,151

SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserve		
(Under Section 11(2)(b)(ii) of the Banking Regulation Act , 1949)		
Opening balance	8,280,371	7,987,423
Additions during the year	72,410	292,948
Closing balance	8,352,781	8,280,371
II Capital Reserve		
Opening balance	223,638	223,638
Additions during the year (Refer Schedule 18-2.14)	63,057	-
Closing balance	286,695	223,638
III Property Investment Reserve	82,749	82,749
IV Special Reserve for Residential Housing Loans	60,355	60,355
(Under Section 36(i)(viii) of the Income Tax Act, 1961)		
V Head Office Charges Reserve	3,006,951	3,006,951
VI Investment Reserves		
Opening balance	164,128	130,859
Additions during the year (Refer Schedule 18-2.14)	-	33,269
Closing balance	164,128	164,128
VII Remittable Surplus Retained for CRAR Requirements	14,369,564	14,369,564
VIII Balance of Profit and Loss Account	154,171	845,576
TOTAL	26,477,394	27,033,332

SCHEDULE 3 - DEPOSITS		
A. I Demand deposits		
i) From banks	1,766,408	1,854,739
ii) From others	16,844,215	21,817,124
II Savings bank deposits	19,970,725	20,626,200
III Term Deposits		
i) From banks	5,143	5,143
ii) From others	41,036,593	60,824,186
TOTAL	79,623,084	105,127,392
B. i) Deposits of branches in India	79,623,084	105,127,392
ii) Deposits of branches outside India	-	-
TOTAL	79,623,084	105,127,392

SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	-	2,300,000
ii) Other banks	-	3,000,000
iii) Other institutions and agencies	-	3,445,643
II Borrowings outside India		
i) From banks	605,315	4,147,439
ii) From others	-	-
iii) Innovative perpetual debt	4,816,715	4,256,528
iv) Hybrid capital	10,317,214	9,117,314
TOTAL	15,739,244	26,266,924

Secured Borrowings included in I and II above is Nil (Previous year: Rs.5,745,643 thousand)

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	821,990	881,834
II Inter-branch adjustments (net)	-	-
III Interest accrued	1,133,483	1,145,275
IV Provisions on Standard Assets (Refer Schedule 18-1.12)	2,091,739	2,087,301
V Provision for Tax (Net of Advance Tax)	-	-
VI Others (including provisions)	19,220,645	25,960,968
TOTAL	23,267,857	30,075,378

SCHEDULE 6 - CASH AND BALANCES WITH THE RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	295,153	354,337
II Balances with the Reserve Bank of India		
i) In current accounts	6,862,399	9,614,683
ii) In other accounts	2,000,000	-
TOTAL	9,157,552	9,969,020

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with banks		
a) In current accounts	14,033	15,861
b) In other deposit accounts	75	75
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	6,345,236	-
	6,359,344	15,936
II Outside India		
i) In current accounts	1,968,073	1,084,915
ii) Deposit accounts	-	-
iii) Money at call and short notice	-	-
	1,968,073	1,084,915
TOTAL	8,327,417	1,100,851

SCHEDULE 8 - INVESTMENTS		
I Investments in India		
i) Government Securities (Refer Schedule 18-2.2)	80,699,711	46,463,221
ii) Other Approved Securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	-	-
v) Subsidiaries and Joint Ventures	-	-
vi) Others	-	-
	80,699,711	46,463,221
II Investments outside India	-	-
TOTAL	80,699,711	46,463,221
Gross Investments	80,699,711	46,463,221
Less : Provision for dimunition in value	-	-
TOTAL	80,699,711	46,463,221

SCHEDULE 9 - ADVANCES		
A i) Bills purchased and discounted	45,123	15,993,770
ii) Cash credits, overdrafts and loans repayable on demand	24,069,140	42,014,526
iii) Term loans	11,276,340	53,499,109
TOTAL	35,390,603	111,507,405

B	i) Secured by tangible assets *	7,922,603	58,824,470
	ii) Covered by bank / government guarantees	526,584	391,239
	iii) Unsecured	26,941,416	52,291,696
	TOTAL	35,390,603	111,507,405
C I	Advances in India		
	i) Priority sector	19,062,590	42,425,582
	ii) Public sector	-	-
	iii) Banks	-	12,285
	iv) Others	16,328,013	69,069,538
	TOTAL	35,390,603	111,507,405
C II	Advances Outside India	-	-
	TOTAL	35,390,603	111,507,405

* Includes advances against book debts

SCHEDULE 10 - FIXED ASSETS		
I **Premises**		
At Book Value		
Beginning of the year	313,075	313,075
Additions during the year	-	-
Deductions during the year	(115,079)	-
	197,996	313,075
Depreciation to Date		
Beginning of the year	152,267	147,145
Additions during the year	4,744	5,122
Deductions during the year	(58,279)	-
	98,732	152,267
	99,264	160,808
II **Other fixed assets** (Refer Schedule 18-2.5 & 2.13) (including furniture & fixtures and software)		
At Book Value		
Beginning of the year	3,510,228	3,843,468
Additions during the year	145,697	221,481
Deductions during the year	(1,319,681)	(554,721)
	2,336,244	3,510,228
Depreciation to Date		
Beginning of the year	3,047,154	3,281,336
Additions during the year	241,821	299,533
Deductions during the year	(1,228,622)	(533,715)
	2,060,353	3,047,154
	275,891	463,074
TOTAL	375,155	623,882

SCHEDULE 11 - OTHER ASSETS		
I Inter-branch adjustments (net)	-	-
II Interest accrued	925,284	1,312,661
III Advance tax and tax deducted at source (net of provision for tax)	2,856,949	2,546,759
IV Stationery and stamps	-	-
V Non-banking assets acquired in satisfaction of claims	-	-
VI Deferred tax asset (Refer Schedule 18-2.9)	1,877,951	2,294,645
VII Others	7,187,108	14,374,733
TOTAL	12,847,292	20,528,798

SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts (including tax matters)	980,846	988,341
II Liability on account of outstanding derivative contracts (including Forward rate agreements, Interest rate swaps, Currency swaps and Options)	309,072,341	517,389,990
III Liability on account of outstanding foreign exchange contracts	141,424,794	657,689,866
IV Guarantees given on behalf of constituents		
i) In India	28,943,490	59,209,530
ii) Outside India	1,572,844	3,544,744
V Acceptances, endorsements and other obligations	1,687,343	6,455,413
VI Other items for which the Bank is contingently liable	3,069,439	3,801,782
TOTAL	486,751,097	1,249,079,666

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Year ended 31 March 2016 Rs. in 000's	Year ended 31 March 2015 Rs. in 000's
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	5,720,574	9,387,725
II Income on investments	5,132,199	3,963,825
III Interest on balances with the Reserve Bank of India and other inter bank funds	458,267	838,627
IV Others	-	116,300
TOTAL	11,311,040	14,306,477

SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	844,080	1,610,483
II Profit on sale of investments (net)	169,740	105,884
III Profit / (loss) on sale of land, buildings and other assets (net)	62,580	(4,860)
IV Profit / (loss) on exchange transactions (net) (includes profit / (loss) on derivative transactions (net))	(672,219)	1,629,618
V Miscellaneous income (includes recovery from written off debts) (Refer Schedule 18- 2.12)	1,874,545	5,325
TOTAL	2,278,726	3,346,450

SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	4,209,613	5,693,607
II Interest on Reserve Bank of India / inter bank borrowings	609,195	1,101,104
III Others	-	-
TOTAL	4,818,808	6,794,711

SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provision for employees (Refer Schedule 18-2.1)	3,416,135	3,262,060
II Rents, taxes and lighting (Refer Schedule 18-2.6)	795,556	756,778
III Printing and stationery	38,108	52,695
IV Advertisement and publicity	21,950	42,736
V Depreciation on bank's property	246,565	304,655
VI Auditors' fees and expenses	9,450	8,900
VII Law charges	30,693	21,870
VIII Postage, telegrams and telephones	107,877	131,406
IX Repairs and maintenance	455,347	561,144
X Insurance	116,656	147,043
XI Head Office charges	97,850	116,262
XII Other expenditure (Refer Schedule 18-2.4 & 2.17)	2,158,818	2,474,965
TOTAL	7,495,005	7,880,514

SCHEDULE 17

1. Background

The accompanying financial statements for the year ended 31 March 2016 comprise the Balance Sheet as at 31 March 2016, Profit and Loss Account and Cash Flow Statement for the year then ended of the Indian Branches of The Royal Bank of Scotland N.V. ('the Bank') which is incorporated in the Netherlands with limited liability.

2. Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule 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 and the Accounting Standards notified under section 133 of the Companies Act, 2013, as applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting (except where otherwise stated).

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the 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 the financial statements. Management believes that the estimates used in preparation of the 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 periods.

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

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

Disposal of Investments:

- Investments classified as HFT or AFS – Profit or loss on sale/redemption is included in the Profit and Loss Account
- Investment classified as HTM – Profit on sale/redemption of investments is included in the 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 the 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 the depreciation, if any, on such transfer is fully provided for.

Valuation/income recognition

Investments classified under the 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 the HTM security.

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

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

In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss Account and the 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 the weighted average cost. Market price of securities is sourced from the revaluation rates published by the Fixed Income Money Market and Derivatives Association of India ('FIMMDA').

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. The difference between the consideration amount of the first leg and the second leg of the 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 RBI prudential norms on classification. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by 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 the fair value of restructured assets.

Specific loan loss provisions in respect of non-performing advances are made based on the Management's assessment of the degree of impairment of the advances after considering the 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 the 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 the 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 the current status of the borrower are recognised in the Profit and Loss Account.

Further to provisions required as per the asset classification status, provisions are held for individual country exposure as per the RBI guidelines. Exposure is classified in the seven risk categories as per 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 the resulting profits/losses from year-end revaluation are recognised in the Profit and Loss Account.

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

Hybrid capital/innovative perpetual debt capital is reported in the financial statements at the exchange rate notified by FEDAI. The resultant gain or losses are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts are revalued at the 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 the exchange rates implied by the USD/INR Currency Swap curve. The resultant gains or losses are recognised in the Profit and Loss Account.

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

Contingent liabilities denominated in foreign currencies are disclosed at the 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 the resultant gain or loss is recognised in the 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 the 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 the fair value is negative (negative marked to market).

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

Pursuant to 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 the same counter-parties are reversed through the 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 the income can be reliably measured.

Interest income is recognised in the Profit and Loss Account on an accrual basis except in case of interest on non-performing advances, where it is recognised on receipt basis as per the income recognition and asset classification norms of RBI and the 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 £10,000. Commission income on buyers credit is recognised on a straight-line basis over the period of the loan if the commission received is greater than INR equivalent of GBP 50,000.

Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

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

4.6. Acquisition costs for procuring consumer loans

Commission paid to sales agents for acquisition of consumer loans and other related loan acquisition costs is charged to the Profit and Loss Account in the year in which they are incurred.

4.7. 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 the acquisition and installation of the asset. Historical cost for this purpose includes the 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 the 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 the actual usage of the assets. The estimates of useful lives of the assets are based on a management estimate, taking into account the nature of the asset, the estimated usage of the asset, and the operating conditions surrounding the use of the asset etc. Based on the above, the 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.

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

4.8. Leases

Finance Leases

Finance leases which effectively transfer substantially all the risks and benefits incidental to ownership of the lease term are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Bank will obtain the ownership by the end of the lease term, capitalised assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Assets taken on lease are recognised as fixed assets at the fair market value of the assets or present value of minimum lease payments as prescribed under Accounting Standard 19 – “Leases” specified under section 133 of the Companies Act, 2013, as applicable.

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 the Profit and Loss Account on a straight-line basis over the lease period.

4.9. 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 the Profit and Loss Account every year. These funds and the schemes there under are 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 which is funded 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 the Projected Unit Credit Method as at the year end. The fair value of plan assets are compared with the liabilities and shortfall, if any, is provided in the 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 the 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 the Projected Unit Credit Method carried out as at the year end. Unutilised short term compensated absences are provided for on an undiscounted basis.

Long Service Award

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

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

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

4.10. Income taxes

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

The 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 the Profit and Loss Account and the cumulative effect thereof is reflected in the 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 the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss Account in the period of change.

4.11. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the 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 the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised or disclosed in the financial statements.

4.12. 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 the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and "value in use". After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

4.13. 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).

4.14. 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. The cash flows from operating, investing and financing activities of the Bank are segregated based on the available information.

4.15. 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 RBI guidelines and AS-17 on Segment Reporting after considering the nature and risk profile of the products and services, the target customer profile, the organisation structure and the internal reporting system of the Bank.

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

SCHEDULE 18

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 2016	31 March 2015
Common Equity Tier I Capital Ratio (%)	20.59% *	10.76%
Tier I Capital Ratio (%)	21.95%	11.26%
Tier II Capital Ratio (%)	4.14%	2.97%
Total Capital Ratio (CRAR) (%)	**26.09%**	**14.23%**
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 0.625%

1.2. Business information/ratios

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

(Rs. in 000’s)

Particulars	31 March 2016	31 March 2015
i) Interest income as percentage of working funds	6.95%	7.26%
ii) Non-interest income as percentage of working funds	1.40%	1.70%
iii) Operating profits as percentage of working funds	0.78%	1.51%
iv) Return on assets (%)	0.18%	0.59%
v) Business (deposits plus advances) per employee (Rs.000s)	214,068	313,540
vi) Net Profit per employee (Rs.000s)	548	1,711

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 the 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 the year end have been considered

1.3. Derivative instruments

Risk management of derivatives

The Bank offers derivative products to its customers for hedging various types of risk exposures. The Bank is also an active market maker in the derivatives market and uses derivatives to manage Balance Sheet exposures.

The Bank follows the policies and controls laid out by RBS Group for identifying, evaluating, monitoring and controlling key risks pertaining to the Bank’s derivative business in India. Key risks inherent in the derivative business carried out by the Bank in India include credit, market and operational risks for which policies, procedures and limits are established to manage them.

In terms of the organisation structure for risk management, the Bank has separate teams monitoring and managing various risks such as credit risk, market risk and operational risk. All these teams report to the Credit Risk Officer – India. The Bank also has a comprehensive Client Suitability and Appropriateness Policy, to ensure that derivative products offered to clients are in line with the size and sophistication of the client, and which meet the client’s risk management requirements. Derivatives transactions are covered under International Swap Dealers Association (ISDA) master agreements with the respective counter-parties.

Market risk, operational risk, and credit risk (counter-party risk) are monitored as follows:

Market risk

The Bank has set in place Value at Risk (VaR) limits, which are based on the Historical Simulation Method to control and monitor market risk. The Bank has also in place PV01 limits (impact of 1 basis point shift in the yield curve) and basis limits to control the exposures. Daily reports are made available through the risk management systems for monitoring these exposures. In addition to these limits, stress and scenario analysis are undertaken to evaluate shock impacts.

Operational risk

The Bank has made investments in software and hardware, which caters to the derivative activity. The Bank also has an approval and review process to manage risks arising out of new products and activities.

Collateral and credit risk mitigation

The Bank has set in place counterparty limits to monitor off balance sheet exposure as well as settlement risk. The off balance sheet exposure is calculated based on a dynamic method, which takes into account the positive replacement cost together with the potential future credit exposure for each trade. Counterparty exposures are monitored daily through a Global Counterparty Exposure management system.

Agreements with banks/financial institutions and corporates are under approved credit lines. For transactions with Banks as counter-parties, generally collateral is not taken. With respect to transactions with other counter-parties, generally collateral is not taken at the time of dealing. The Bank has collateral agreements with a few corporate clients, which are required to post collaterals, should the negative Mark to Market value at an aggregate level across all derivative and forward transactions with the client, exceed the threshold. As of 31 March, 2016, total collateral value held by the Bank was Nil. The corresponding value for 31 March, 2015 was Rs. 37,492 thousand.

Accounting for derivatives

The accounting policy for recording derivative transactions is in place which includes recognition of income and the treatment of gains/losses on cancellation/ termination of contracts. Refer Schedule 17(4.4) and (4.5).

The Bank has not entered into any Credit Default Swap transactions during the year.

Disclosures in respect of Forward Rate Agreements (‘FRA’), Interest Rate Swaps (‘IRS’) and Cross Currency Swaps (‘CCS’) outstanding as at 31 March 2016 is set out below:

Forward Rate Agreements (Rs. in 000’s)

		31 March 2016		31 March 2015	
Sr. No	**Particulars**	**Amount**		**Amount**	
I	Notional Principal	Nil		Nil	
II	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements.	Nil		Nil	
III	Collateral required by the bank upon entering into swaps.	Nil			
IV	Concentration of credit risk arising from the swaps.	Banks	Not Applicable	Banks	Not Applicable
		Others	Not Applicable	Others	Not Applicable
V	The fair value of the swap [asset/(liability)].	Nil		Nil	

Interest Rate Swaps

		31 March 2016		31 March 2015	
Sr. No	**Particulars**	**Amount**		**Amount**	
I	Notional Principal	255,833,641		451,034,860	
II	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements.	1,956,129		2,960,817	
III	Collateral required by the bank upon entering into swaps.	Refer Collateral and credit risk mitigation section above.			
IV	Concentration of credit risk arising from the swaps.	Banks	76%	Banks	79%
		Others	24%	Others	21%
V	The fair value of the swap [asset/(liability)].	621,109		1,106,512	

Cross Currency Swaps (Rs. in 000’s)

		31 March 2016		31 March 2015	
Sr. No	**Particulars**	**Amount**		**Amount**	
I	Notional Principal	53,238,700		66,355,130	
II	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements.	339,311		993,350	
III	Collateral required by the bank upon entering into swaps.	Refer Collateral and credit risk mitigation section above.			
IV	Concentration of credit risk arising from the swaps.	Banks	41%	Banks	37%
		Others	59%	Others	63%
V	The fair value of the swap [asset/(liability)].	(7,479,287)		(8,279,199)	

Exchange Traded Interest Rate Derivatives

Sr. No.	Particulars	31 March 2016	31 March 2015
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

Disclosures on risk exposure in derivatives:

Year ended 31 March 2016 (Rs. in 000's)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
1	**Derivatives (Notional Principal Amount)**		
	a) For hedging	Nil	Nil
	b) For trading	53,238,700	255,833,641
2	**Marked to Market Positions**		
	a) Asset (+)	339,311	1,956,129
	b) Liability (-)	(7,818,598)	(1,335,020)
3	**Credit Exposure**	5,106,616	4,146,231
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March 2016)**		
	a) On hedging derivatives	Nil	Nil
	b) On trading derivatives	10,186	129,274
5	**Maximum and Minimum of 100*PV01 observed during the year**		
	a) On hedging		
	I) Maximum	Nil	Nil
	II) Minimum	Nil	Nil
	b) On Trading		
	I) Maximum	10,186	281,885
	II) Minimum	(33,591)	129,274

Note: Derivatives excludes Forward exchange contracts. The maximum and minimum of 100*PV01 observed during the year represents the maximum and minimum of observations on the last day of each quarter during the year ended 31 March 2016.

Year ended 31 March 2015 (Rs. in 000's)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
1	**Derivatives (Notional Principal Amount)**		
	a) For hedging	Nil	Nil
	b) For trading	66,355,130	451,034,860
2	**Marked to Market Positions**		
	a) Asset (+)	993,350	2,960,817
	b) Liability (-)	(9,272,549)	(1,854,305)
3	**Credit Exposure**	6,594,992	7,281,540
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March 2015)**		
	a) on hedging derivatives	Nil	Nil
	b) on trading derivatives	(40,647)	312,396
5	**Maximum and Minimum of 100*PV01 observed during the year**		
	a) On hedging		
	I) Maximum	Nil	Nil
	II) Minimum	Nil	Nil
	b) On Trading		
	I) Maximum	(40,647)	454,654
	II) Minimum	(188,386)	312,396

Note: Derivatives excludes Forward exchange contracts. The maximum and minimum of 100*PV01 observed during the year represents the maximum and minimum of observations on the last day of each quarter during the year ended 31 March 2015.

1.4. Investments

(Rs. in 000's)

Year Ended				31 March 2016	31 March 2015
(1)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	80,699,711	46,463,221
		(b)	Outside India	Nil	Nil
	(ii)	Provision for Depreciation			
		(a)	In India	Nil	Nil
		(b)	Outside India	Nil	Nil
	(iii)	Net Value of Investments			
		(a)	In India	80,699,711	46,463,221
		(b)	Outside India	Nil	Nil
(2)	Movement of provisions held towards diminution in value of investments				
	(i)	Opening balance		Nil	78,179
	(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	(78,179)
	(iv)	Closing balance		Nil	Nil

1.5. Disclosures in respect of repo transactions

Year ended 31 March 2016

(Rs. in 000's)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at March 31 2016
Securities sold under repos				
i. Government securities	270,000	1,000,000	13,852	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repos				
i. Government securities	400,000	34,750,000	706,967	2,000,000
ii. Corporate debt securities	Nil	Nil	Nil	Nil

Note: The above figures include deals under LAF with RBI.
Daily average Repo outstanding during the year is computed considering 365 days in a year

Disclosures in respect of repo transactions

Year ended 31 March 2015

(Rs. in 000's)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at March 31 2015
Securities sold under repos				
i. Government securities	100,000	10,300,000	2,265,808	2,300,000
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repos				
i. Government securities	50,000	4,700,000	198,087	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil

Note: The above figures include deals under LAF with RBI.
Daily average Repo outstanding during the year is computed considering 365 days in a year

1.6. Movement in NPAs

(Rs. in 000's)

Year ended			31 March 2016	31 March 2015
(i)	Net NPAs to Net Advances (%)		0.00%	0.05%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	821,346	1,135,912
	(b)	Additions during the year	77	71,299
	(c)	Reductions during the year	(820,633)	(385,865)
	(d)	Closing balance	790	821,346

(iii)	Movement of Net NPAs			
	(a)	Opening balance	59,286	(57,431)
	(b)	Additions during the year	(493)	46,319
	(c)	Reductions during the year	(58,793)	70,398
	(d)	Closing balance	Nil	59,286
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	762,060	1,193,343
	(b)	Provisions made during the year	569	24,980
	(c)	Write-off/write-back of excess provisions*	(761,839)	(456,263)
	(d)	Closing balance	790	762,060

* Comprises provision amounting to Rs 33,493 thousand pertaining to NPA included in portfolio sale during the year (Refer Schedule 18 – 2.12).

1.7. Provision Coverage Ratio

In accordance with the RBI Guidelines, Provision Coverage Ratio as at 31 March 2016 is 100.00%
(Previous Year: 92.78%).

1.8. 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 current year (Previous Year: NIL).

1.9. Details of Non performing financial assets purchased/sold

The Bank has not purchased/sold any non-performing assets during the current year other than on transfer of Diamond and Jewellery portfolio (Refer Schedule 18 – 2.12) (Previous Year: NIL).

1.10. Maturity pattern

Maturity Pattern of Assets and Liabilities as at 31 March 2016 (Rs. in 000's)

Particulars	Deposit	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Upto 1 day	3,106,766	3,247,542	Nil	605,315	4,040,213	983,035
2 to 7 days	5,491,938	10,047,368	Nil	Nil	4,341,972	640,146
8 to 14 days	3,272,076	6,778,822	Nil	Nil	2,640,283	416,543
15 to 28 days	2,916,575	5,741,509	1,484,096	Nil	3,753,872	62,407
29 days to 3 months	12,800,160	1,424,213	35,796,445	Nil	Nil	63,517
Over 3 months & up to 6 months	1,558,811	181,999	9,137,268	Nil	Nil	92,632
Over 6 months & up to 1 year	19,147,991	927,016	10,826,895	3,132,104	Nil	11,873,068
Over 1 Year & up to 3 Years	31,251,754	6,939,585	23,455,007	12,001,825	5,172,799	15,060,085
Over 3 Year & up to 5 Years	76,785	9,837	Nil	Nil	Nil	20,573
Over 5 Years	228	92,712	Nil	Nil	8,501,793	1,726,080
Total	**79,623,084**	**35,390,603**	**80,699,711**	**15,739,244**	**28,450,932**	**30,938,086**

Maturity Pattern of Assets and Liabilities as at 31 March 2015 (Rs. in 000's)

Particulars	Deposit	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Upto 1 day	2,369,082	7,631,823	Nil	1,959,940	5,514,333	2,239,653
2 to 7 days	11,105,239	22,981,382	Nil	6,745,643	7,357,250	501,333
8 to 14 days	9,276,497	8,929,049	Nil	2,000,000	6,356,182	316,209
15 to 28 days	8,022,820	18,817,018	Nil	Nil	7,649,529	29,805
29 days to 3 months	16,559,203	18,935,811	5,597,422	2,187,500	6,250,849	2,309,798
Over 3 months & up to 6 months	3,699,114	8,829,450	4,104,009	Nil	2,404,862	161,217
Over 6 months & up to 1 year	7,123,903	2,260,910	2,001,876	Nil	Nil	324,034
Over 1 Year & up to 3 Years	46,762,114	22,929,527	21,035,226	4,256,528	7,900,354	16,068,564
Over 3 Year & up to 5 Years	209,253	86,088	13,724,688	9,117,313	Nil	9,141,398
Over 5 Years	167	106,347	Nil	Nil	8,227,613	4,237,829
Total	**105,127,392**	**111,507,405**	**46,463,221**	**26,266,924**	**51,660,972**	**35,329,840**

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, which have been relied upon by the Auditors
2. Advances are gross of bills rediscounted
3. Investments are bucketed as per residual maturity
4. Advances have been classified in their residual maturities, except for cash credit and overdraft accounts, which have been classified as per their volatility
5. Deposits have been classified in their residual maturities, except for savings and current account deposits, which have been classified as per their volatility

1.11. Lending to sensitive sectors

Exposure to Real Estate (Rs. in 000's)

Category	31 March 2016	31 March 2015
a) Direct exposure	19,470	27,622
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	Nil	116
• Of which individual housing loans eligible for inclusion in priority sector advances	Nil	116
(ii) Commercial Real Estate	19,470	27,506
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect exposure	208,517	74,620
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	208,517	74,620
Total Exposure to Real Estate Sector	**227,987**	**102,242**

Exposure to Capital Market (Rs. in 000's)

Category	31 March 2016	31 March 2015
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	340	340
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	202	173
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds `does not fully cover the advances;	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii)Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) Financing to stockbrokers for margin trading;	Nil	Nil
(x) All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	Nil	Nil
Total Exposure to Capital Market	**542**	**513**
Note: Advances includes funded and non-funded exposures for the above categories.		

1.12. Provisions on Standard Assets

(Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Provisions on standard assets	2,091,739	2,087,301

Excess provisions on standard assets held by the Bank over and above required as at 31 March 2016 have not been reversed in accordance with the RBI guidelines. The above includes provision on Unhedged Foreign Currency Exposure (UFCE) of Rs 227,804 thousands (Previous Year: Rs 223,366 thousands).

1.13. Issuer composition of Non SLR investments

The bank does not have any Non SLR investments as at 31 March 2016 (Previous Year: Nil).

1.14. Non-performing Non-SLR investments

There are no Non-performing Non-SLR investments as at 31 March 2016 (Previous Year: Nil).

1.15. Particulars of Accounts Restructured

Disclosure of Restructured Accounts as at 31 March 2016

(Rs. In 000s)

Type of Restructuring		Under CDR Mechanism					Others					Total				
Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Details (Amt in thousand)																
1) Restructured A/C – Opening balance as at 01 April 2015	No of Borrowers	–	–	–	–	–	4	–	3	–	7	4	–	3	–	7
	Amount Outstanding	–	–	–	–	–	#	–	478,211	–	478,211	#	–	478,211	–	478,211
	Provision thereon	–	–	–	–	–	#	–	478,211	–	478,211	#	–	478,211	–	478,211
2) Fresh restructuring during the year	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Amount Outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3) Upgradation to restructured category during the FY	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Amount Outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4) Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of FY	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Amount Outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5) Down gradations to restructured category during the FY	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Amount Outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Type of Restructuring		Under CDR Mechanism					Others					Total				
Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
6) Write-Offs of the restructured accounts during the FY	No of Borrowers	–	–	–	–	–	–	–	(3) *	–	(3) *	–	–	(3)	–	(3)
	Amount Outstanding	–	–	–	–	–	–	–	(363,211)	–	(363,211)	–	–	(363,211)	–	(363,211)
	Provision thereon	–	–	–	–	–	–	–	(363,211)	–	(363,211)	–	–	(363,211)	–	(363,211)
7) Recoveries from Restructured accounts	No of Borrowers	–	–	–	–	–	(4)	–	(1) *	–	(5) *	(4)	–	(1)	–	(5)
	Amount Outstanding	–	–	–	–	–	#	–	(115,000)	–	(115,000)	#	–	(115,000)	–	(115,000)
	Provision thereon	–	–	–	–	–	#	–	(115,000)	–	(115,000)	#	–	(115,000)	–	(115,000)
8) Restructured A/C – Closing balance as at 31 March 2016	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Amount Outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Amounts less than thousands
* Include one case which is partly recovered and written–off during the year.
There are no restructured cases under the SME Debt Restructuring Mechanism during the year (Previous Year: Nil).

Disclosure of Restructured Accounts as at 31 March 2015

(Rs. In 000s)

Type of Restructuring		Under CDR Mechanism					Others					Total				
Asset Classification		Standard	Sub-standard	Doubful	Loss	Total	Standard	Sub-standard	Doubful	Loss	Total	Standard	Sub-standard	Doubful	Loss	Total
Details (Amt in thousand)																
1) Restructured A/C – Opening balance as at 01 April 14	No of Borrowers	–	–	–	–	–	36	30	32	–	98	36	30	32	–	98
	Amount Outstanding	–	–	–	–	–	1,310	974	497,084	–	499,368	1,310	974	497,084	–	499,368
	Provision thereon	–	–	–	–	–	111	618	497,084	–	497,813	111	618	497,084	–	497,813
2) Fresh restructuring during the year	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Amount Outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3) Upgradation to restructured category during the FY	No of Borrowers	–	–	–	–	–	3	(2)	(1)	–	–	3	(2)	(1)	–	–
	Amount Outstanding	–	–	–	–	–	26	(26)	#	–	–	26	(26)	(0)	–	–
	Provision thereon	–	–	–	–	–	13	(13)	#	–	–	13	(13)	(0)	–	–
	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4) Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of FY	Amount Outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	No of Borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5) Downgradations to restructured category during the FY	Amount Outstanding	–	–	–	–	–	(1)	–	1	–	–	(1)	–	1	–	–
	Provision thereon	–	–	–	–	–	(8)	–	8	–	–	(8)	–	8	–	–
	No of Borrowers	–	–	–	–	–	(8)	–	8	–	–	(8)	–	8	–	–
6) Write-Offs of the restructured accounts during the FY	Amount Outstanding	–	–	–	–	–	(1)	(19)	(17)	–	(37)	(1)	(19)	(17)	–	(37)
	Provision thereon	–	–	–	–	–	(39)	(796)	(892)	–	(1,727)	(39)	(796)	(892)	–	(1,727)
	No of Borrowers	–	–	–	–	–	(3)	(522)	(892)	–	(1,417)	(3)	(522)	(892)	–	(1,417)

Type of Restructuring		Under CDR Mechanism					Others					Total				
Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
7) Recoveries of the restructured accounts during the FY	Amount Outstanding	–	–	–	–	–	(33)	(9)	(12)	–	(54)	(33)	(9)	(12)	–	(54)
	Provision there on	–	–	–	–	–	(1,289)	(152)	(17,989)	–	(19,430)	(1,289)	(152)	(17,989)	–	(19,430)
	No of Borrowers	–	–	–	–	–	(113)	(83)	(17,989)	–	(18,185)	(113)	(83)	(17,989)	–	(18,185)
8) Restructured A/C – Closing balance as at 31 March 2015	Amount Outstanding	–	–	–	–	–	4	–	3	–	7	4	–	3	–	7
	Provision there on	–	–	–	–	–	#	–	478,211	–	478,211	#	–	478,211	–	478,211
	No of Borrowers	–	–	–	–	–	#	–	478,211	–	478,211	#	–	478,211	–	478,211
# Amounts less than thousands There are no restructured cases under the SME Debt Restructuring Mechanism during the year (Previous Year: Nil).																

1.16. Securitisation Transactions

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

1.17. Single and group borrower exposures

During the year ended 31 March 2016, the Bank has complied with the RBI guidelines on Single borrower limit (SBL) and Group borrower limit (GBL). As per the exposure limits permitted under the extant RBI regulation, the Bank, with the approval of the Management Team Committee ('MTCo'), can enhance exposure to a Single borrower or Group borrower by a further 5 % of capital funds. Additionally, for infrastructure companies, the SBL and GBL can be enhanced by a further 5% and 10% respectively.

During the year ended 31 March 2016, the Bank's credit exposure to all Group borrowers was within the prudential exposure limits prescribed by RBI. Notably, GBL was allowed up to 50% for Vodafone India Group (as permitted for infrastructure companies under the RBI guidelines mentioned above) and the exposure to the Group was well within the enhanced thresholds.

During the year ended 31 March 2016, Single borrower limit was enhanced with prior MTCo approval for two companies, as below:

For Hindalco Industries Ltd, SBL was increased to 20% from 15%.

For Vodafone Mobile Services, SBL was increased to 25% as permitted for an Infrastructure company

Additionally, during the year ended 31 March 2016, SBL for Vodafone India Ltd was allowed up to 20% as permitted for an Infrastructure company

Exposure to the above three companies were well within the enhanced thresholds.

During the year ended 31 March 2015, GBL was enhanced from 50% to 55% for Vodafone India Group Ltd with prior MTCo approval and the exposure to the Group was well within the enhanced thresholds. However, during the year ended 31 March 2015, the Banks' Credit Exposure to all Single borrowers was within the prudential exposure limits prescribed by RBI.

1.18. Country Risk

As per the extant RBI guidelines, the 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 2016		31 March 2015	
Risk Category	**Exposure (net)**	**Provision held**	**Exposure (net)**	**Provision held**
Insignificant	Nil	Nil	Nil	Nil
Low	3,567,920	Nil	4,744,135	Nil
Moderate	19,250,960	Nil	32,212,143	Nil
High	126,370	Nil	1,477,311	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	**22,945,250**	**Nil**	**38,433,589**	**Nil**

As at 31 March 2016, the exposure also includes exposure of the Bank to its Head Office and its branches. In terms of the RBI circular, the provision is made for only those countries where the net funded exposure is not less than 1 percent of total assets. While computing provisioning, the Bank excludes exposure to its Head Office and branches.

1.19. Provisions and contingencies charged to the Profit and Loss Account comprises of

(Rs. in 000's)

Year ended	31 March 2016	31 March 2015
Provision towards NPA's (net of write backs)*	(727,777)	(431,283)
Provision towards standard assets	4,438	223,366
Debts written off	613,120	337,896
Income Tax	679,840	1,466,381
Deferred Tax	416,694	287,839
Provisions/(Write backs) for depreciation on Investments	Nil	(78,179)
Provisions/(Write backs) on Restructured Standard Advances	Nil	(111)
Total	**986,315**	**1,805,909**
* Includes write back of excess provision on sale of NPA done in prior years is Nil (Previous Year: Rs. 71,614 thousands)		

1.20. Disclosure of Complaints/Unimplemented Awards of Banking Ombudsman

Customer complaints

(Rs. in 000's)

	Particulars	31 March 2016	31 March 2015
(a)	No. of Complaints pending at the beginning of the year	527	211
(b)	No. of Complaints received during the year	5,223	5,649
(c)	No. of Complaints redressed during the year	5,659	5,333
(d)	No. of Complaints pending at the end of the year	91	527

Awards passed by the Banking Ombudsman

(Rs. in 000's)

	Particulars	31 March 2016	31 March 2015
(a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
(b)	No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
(c)	No. of Awards implemented during the year	Nil	Nil
(d)	No. of unimplemented Awards at the end of the year	Nil	Nil

The complaints which got redressed within a day are not part of the above disclosure.

The above information regarding customer complaints have been identified on the basis of the information available with the Bank and have been relied upon by the Auditors.

1.21. Penalties

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

1.22. Floating Provisions

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

1.23. Letter of Comforts

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

1.24. Depositor Education and Awareness Fund (DEAF)

(Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Opening Balance of amount transferred to DEAF	248,327	Nil
Amount transferred during the year	66,725	248,327
Amount reimbursed by DEAF towards claims	1,300	Nil
Closing balance of amounts transferred to DEAF	**313,752**	**248,327**

1.25. Unhedged Foreign Currency Exposure (UFCE)

The Bank has a policy for monitoring the unhedged foreign currency exposure of all clients. Relevant data in this regard is requested from all clients and the potential loss which the clients could face owing to foreign currency fluctuation is computed. Suitable incremental provisions are than computed in line with the RBI guidelines.

Provision held for UFCE as at 31 March 2016 is Rs. 227,804 thousands (Previous Year: Rs. 223,366 thousands). Incremental capital held by the Bank for UFCE as at 31 March 2016 is Rs. 1,137,599 thousands (Previous Year: Rs.1,163,573 thousands).

1.26. 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. The 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 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 RBI for month-end calculation of High Quality Liquid Assets (HQLAs), gross outflows and inflows within the next 30-day period. HQLAs of the RBS branch primarily consist of Cash, Government of India (GoI) bonds and Treasury-bills. The weighted outflows mainly consist of unsecured wholesale funding, retail deposits, derivative cash flows and other contingent funding liabilities. The weighted inflows primarily consist of inflows on account of advances, interbank placements and derivative cash flows.

Liquidity requirements of the Bank on account of market valuation changes for derivative transactions was limited. The Bank may be required to post additional collateral due to market valuation changes on derivative transactions settled through Clearing Corporation of India (CCIL) which is a Qualified Central Counterparty (QCCP) in India. The outflow on account of such market valuation change for derivative transactions with CCIL has been considered based on the prescribed look back approach. The significant part of Bank operations is conducted in INR currency.

(Rs. in crores)

Particulars		**Jun-15**		**Sep-15**		**Dec-15**		**Mar-16**		**Apr-15 to Mar-16**	
		Simple Average		**Simple Average**		**Simple Average**		**Simple Average**		**Simple Average**	
High Quality Liquid Assets		**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**
1	Total High Quality Liquid Assets (HQLA)	3,010	3,010	6,979	6,979	6,404	6,404	5,216	5,216	5,402	5,402
Cash Outflows		–	–	–	–	–	–	–	–	–	–
2	Retail deposits and deposits from small business customers, of which:	–	–	–	–	–	–	–	–	–	–
(i)	Stable deposits	–	–	–	–	–	–	–	–	–	–
(ii)	Less stable deposits	3,843	384	3,760	376	3,554	355	3,301	330	3,615	361
3	Unsecured wholesale funding, of which :	–	–	–	–	–	–	–	–	–	–
(i)	Operational deposits (all counterparties)	–	–	–	–	–	–	–	–	–	–
(ii)	Non–operational deposits (all counterparties)	5,893	3,108	5,896	2,532	5,274	2,359	4,842	2,237	5,476	2,559
(iii)	Unsecured debt	254	254	143	143	80	80	22	22	125	125
4	Secured wholesale funding	–	–	–	–	–	–	–	–	–	–
5	Additional requirements, of which	–	–	–	–	–	–	–	–	–	–
(i)	Outflows related to derivative exposures and other collateral requirements –	487	487	385	385	308	308	177	177	339	339
(ii)	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–	–	–
(iii)	Credit and liquidity facilities	277	28	199	20	295	30	240	34	253	28
6	Other contractual funding obligations	385	385	495	495	393	393	402	402	419	419
7	Other contingent funding obligations	19,654	983	15,426	771	13,200	660	11,026	530	14,827	736
8	Total Cash Outflows	30,793	5,629	26,304	4,722	23,104	4,185	20,010	3,732	25,054	4,567
Cash Inflows		–	–	–	–	–	–	–	–	–	–
9	Secured lending (e.g. reverse repos)	–	–	–	–	–	–	–	–	–	–

10	Inflows from fully performing exposures	2,369	1,185	1,354	677	1,988	994	1,265	633	1,744	872
11	Other cash inflows	1,245	1,233	1,997	1,987	1,170	1,155	2,046	2,032	1,614	1,602
12	Total Cash Inflows	3,614	2,418	3,351	2,664	3,158	2,149	3,311	2,665	3,358	2,474
13	Total HQLA	–	3,010	–	6,979	–	6,404	–	5,216	–	5,402
14	Total Net Cash Outflows	–	3,212	–	2,059	–	2,036	–	1,067	–	2,094
15	Liquidity Coverage Ratio (%)		**94%**		**339%**		**314%**		**489%**		**258%**

Based on the above, monthly average LCR (all currency) for the Bank for the year ended 31 March 2016 is 258% against the regulatory minimum of 60% upto 31 December 2015 and 70% w.e.f. 1 January 2016.

The average LCR for the quarter ended September 2015 improved significantly over quarter ended June 2015 mainly on account of increase in HQLA purchased out of released liquidity from the sale of 'International Diamond and Jewellery Group' business segment (Refer Schedule 18 – 2.12).

The improvement in average LCR for quarter ended March 2016 over quarter ended December 2015 was on account of decrease in net outflows resulting from reduction in deposits and derivatives outflows and increase in other inflows.

The Bank monitors the concentration of funding sources from significant counterparties, products and maintains diversified sources of funding dispersed across products and maturities.

1.27. Concentration of Deposits (Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Total Deposits of twenty largest depositors	37,578,670	39,813,247
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	47%	38%

1.28. Concentration of Advances (Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Total Advances to twenty largest borrowers	73,941,550	79,472,540
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	49%	23%

Advances represent credit exposure (Funded & Non Funded) including derivative exposures as defined by the RBI circular.

1.29. Concentration of Exposures (Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Total Exposure to twenty largest borrowers/customers	73,941,550	79,472,540
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/ customers	49%	23%

1.30. Concentration of NPAs (Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Total Exposure to top four NPA* accounts	790	725,526

* Represents Gross NPA

1.31. Sector wise advances (Rs. in 000's)

Sl. No.	Sector	31 March 2016			31 March 2015		
		O/s Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	O/s Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture & Allied activities	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2	Advances to Industries Sector eligible as Priority Sector Lending of which –	**15,617,330**	**Nil**	**0.00%**	**41,885,146**	**78,817**	**0.19%**
	Chemical & Chemical products	*8,215,620*	Nil	Nil	Nil	Nil	Nil
	Other Metal & Metal Products	*5,429,084*	Nil	Nil	Nil	Nil	Nil
	Gems & Jewellery	Nil	Nil	Nil	*40,613,790*	Nil	Nil

Sl. No.	Sector	31 March 2016			31 March 2015		
		O/s Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	O/s Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
3	Services of which –	**3,445,260**	**Nil**	**0.00%**	**560,423**	**Nil**	**Nil**
	Computer Software	*3,113,985*	Nil	Nil	Nil	Nil	Nil
	Gems & Jewellery	Nil	Nil	Nil	*434,208*	Nil	Nil
4	Personal Loans of which -	**Nil**	**Nil**	**0.00%**	**116**	**Nil**	**Nil**
	Home loan	Nil	Nil	Nil	*116*	Nil	Nil
	Sub-total (A)	**19,062,590**	**Nil**	**0.00%**	**42,445,685**	**78,817**	**0.19%**
B	**Non Priority Sector**						
1	Agriculture & Allied activities	**Nil**	**Nil**	**Nil**	**1,012,068**	**Nil**	**Nil**
2	Advances to Industries Sector of which –	**12,743,171**	**Nil**	**0.00%**	**42,830,458**	**669,152**	**1.56%**
	Chemical & Chemical products	*5,465,396*	Nil	Nil	*8,000,420*	Nil	Nil
	Beverages	*1,451,251*	Nil	Nil	*4,655,369*	Nil	Nil
	Engineering	Nil	Nil	Nil	*14,968,902*	Nil	Nil
	Vehicle, vehicle parts & Transport equipment	Nil	Nil	Nil	*4,823,775*	Nil	Nil
3	Services of which –	**3,472,670**	**57**	**0.00%**	**25,851,174**	**72,585**	**0.28%**
	Finance	*1,303,866*	Nil	Nil	Nil	Nil	Nil
	Banking	*595,631*	Nil	Nil	Nil	Nil	Nil
	Hotel	*853,365*	Nil	Nil	Nil	Nil	Nil
	Engineering	Nil	Nil	Nil	*10,400,836*	Nil	Nil
	Wholesale	Nil	Nil	Nil	*2,470,391*	Nil	Nil
4	Personal Loans of which -	**112,962**	**733**	**0.65%**	**130,080**	**792**	**0.61%**
	Staff Loan	*111,774*	Nil	Nil	*126,660*	Nil	Nil
	Sub-total (B)	**16,328,803**	**790**	**0.00%**	**69,823,780**	**742,529**	**1.06%**
	Total (A+B)	**35,391,393**	**790**	**0.00%**	**112,269,465**	**821,346**	**0.73%**

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector. Classification into sectors as above has been done based on Bank's internal norms.

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

Particulars	31 March 2016	31 March 2015
Gross NPAs as on 1st April of particular year (Opening Balance)	821,346	1,135,912
Additions (Fresh NPAs) during the year	77	71,299
Sub-total (A)	**821,423**	**1,207,211**
(i) Upgradations	7	480
(ii) Recoveries (excluding recoveries made from upgraded accounts)*	207,506	47,489
(iii) Write-offs	613,120	337,896
Sub-total (B)	**820,633**	**385,865**
Gross NPAs as on 31st March of following year (closing balance) (A-B)	**790**	**821,346**

* Includes recovery from NPA cases included in portfolio transfers done during the year (Refer Schedule 18 - 2.12).

1.33. Intra Group Exposure

The following table sets forth the details of intra group exposure

(Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Total amount of intra-group exposures	1,136,854	2,414,156
Total amount of top 20 intra-group exposures	1,136,854	2,414,156
Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers	0.75%	0.71%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

1.34. Overseas Assets and Revenues

(Rs. in 000's)

Particulars (Rs in 000's)	31 March 2016	31 March 2015
Total Assets	1,972,354	1,410,701
Total NPAs	Nil	Nil
Total Revenue	128,457	478,020

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

Name of SPV Sponsored	
Domestic	Overseas
Nil	Nil

1.36. Intangible Security

Advances for which intangible security has been taken as collateral as at 31 March 2016 was Rs.526,584 thousand (Previous Year: Rs.391,239 thousand).

1.37. Bancassurance business

The Fees/Remuneration received in respect of bancassurance business undertaken during the year is Rs.3,432 thousand towards life insurance business (Previous year: Rs. 5,941 thousand), Rs 4 thousand towards Non Life Insurance (Previous Year: Rs 11 thousand) and Rs. 125,892 thousand towards mutual fund business (Previous year: Rs. 241,396 thousand). This income has been reflected under Schedule 14 (I).

2. Other disclosures

2.1. Employee Benefits

Provident Fund

The Bank has recognised Rs. 34,458 thousand (Previous year Rs. 43,374 thousand) in the Profit and Loss Account for the year 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 as per the Payment of Gratuity Act, 1972. The Bank also has a defined benefit pension scheme for eligible employees providing a maximum pension of 50% of the "pensionable salary" in terms of which the Bank contributes at the prescribed rate to a trust. The scheme also provides for an annual increase of the pension payment which can be varied at the discretion of the Bank.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account, the funded status and amounts recognised in the Balance Sheet for the 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 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
Current service cost	2.04	2.46	4.27	4.16
Interest cost on benefit obligation	1.11	1.25	23.35	21.60
Expected return on plan assets	(1.00)	(1.09)	(4.05)	(3.99)
Net actuarial (gain)/loss recognised in the year	8.07	1.04	13.6	52.13
Past Service Cost	Nil	Nil	Nil	Nil
Settlement Cost	Nil	Nil	Nil	Nil
Net (benefit)/expense	**10.22**	**3.66**	**37.17**	**73.90**

Balance Sheet

Details of Provision for Gratuity and Pension (Rs. in crores)

	Gratuity		Pension	
Particulars	**31 March 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
Present value of defined benefit obligation	22.14	16.67	328.11	305.72
Fair value of plan assets	12.65	13.10	53.44	50.88
Unrecognised Past Service Cost	Nil	Nil	Nil	Nil
Net Asset/(Liability)	**(9.49)**	**(3.57)**	**(274.67)**	**(254.84)**

Changes in the present value of the defined benefit obligation are as follows: (Rs. in crores)

	Gratuity		Pension	
Particulars	**31 March 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
Opening defined benefit obligation	16.67	15.96	305.72	243.26
Acquisitions	(0.73)	(0.09)	(5.01)	(0.95)
Interest cost	1.11	1.25	23.35	21.60
Settlement Cost	Nil	Nil	Nil	Nil
Plans Amendment Cost/(Credit)	Nil	Nil	Nil	Nil
Current service cost	2.04	2.46	4.27	4.16
Prior Period Cost	Nil	Nil	Nil	Nil
Benefits paid	(4.89)	(4.43)	(12.80)	(17.01)
Actuarial (gains)/losses on obligation	7.94	1.52	12.58	54.66
Closing defined benefit obligation	**22.14**	**16.67**	**328.11**	**305.72**

Changes in the fair value of plan assets are as follows: (Rs. in crores)

	Gratuity		Pension	
Particulars	**31 March 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
Opening fair value of plan assets	13.10	15.73	50.88	55.42
Acquisitions	Nil	Nil	Nil	Nil
Expected return	1.00	1.09	4.05	3.99
Contributions by employer	3.57	0.23	11.33	5.12
Benefits paid	(4.89)	(4.43)	(11.80)	(16.18)
Actuarial gains/(losses)	(0.13)	0.48	(1.02)	2.53
Closing fair value of plan assets	**12.65**	**13.10**	**53.44**	**50.88**

Principle actuarial assumptions at the Balance Sheet date:

	Gratuity		Pension	
Particulars	**31 March 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
Discount Rate	7.20% p.a	7.80% p.a.	7.80% p.a	7.80% p.a
Expected rate of Return on Plan Assets	8.00% p.a	8.00% p.a.	8.00% p.a	8.00% p.a.
Salary Escalation Rate	4.00% p.a	4.00% p.a.	4.00%p.a	4.00% p.a.
Mortality Rate	LIC (1996-98) Ultimate			

Experience Adjustments are as follows: (Rs. in crores)

Gratuity					
Particulars	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**
Defined Benefit Obligation	(22.14)	(16.67)	(15.96)	(22.58)	(20.92)
Plan Assets	12.65	13.10	15.73	19.90	17.64
Funded Status	(9.49)	(3.57)	(0.23)	(2.68)	(3.28)
Gain/(Loss) Adjustments on Plan Liabilities	(2.71)	(0.57)	(6.12)	(1.01)	(1.37)
Gain/(Loss) Adjustments on Plan Assets	(0.13)	0.48	(0.70)	0.24	0.58
Gain/(Loss) due to changes in assumptions	(5.23)	(0.95)	1.45	(0.50)	0.47

(Rs. in crores)

Pension					
Particulars	**31 March 2016**	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**
Defined Benefit Obligation	(328.11)	(305.72)	(243.26)	(276.70)	(335.04)
Plan Assets	53.44	50.88	55.42	80.86	81.12
Funded Status	(274.67)	(254.84)	(187.84)	(195.84)	(253.92)
Gain/(Loss) Adjustments on Plan Liabilities	12.44	6.87	(6.09)	(0.59)	22.56
Gain/(Loss) Adjustments on Plan Assets	(1.02)	2.53	(2.70)	2.39	1.91
Gain/(Loss) due to changes in assumptions	(25.02)	(61.53)	33.27	(24.39)	22.21

Expected Contribution in next Financial Year: (Rs. in crores)

	Gratuity		**Pension**	
Particulars	**2016**	**2015**	**2016**	**2015**
Expected Contribution	9.49	3.57	15.84	8.25

Investment Pattern is as follows:

	Gratuity		**Pension**	
Particulars	**31 March 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
	Percentage		**Percentage**	
Government of India Securities (Central and State)	62.03	63.32	37.93	44.36
Corporate Bonds (including Public Sector Bonds)	10.56	25.04	22.73	43.14
Cash (including Deposits)	27.41	11.64	39.34	12.50
Total	**100.00**	**100.00**	**100.00**	**100.00**

The 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 the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The above information is certified by the actuary and relied upon by the Auditors.

2.2. Investments

Investments in Government Securities include the following pledged securities (at Face value): (Rs. in 000's)

Particulars	**31 March 2016**	**31 March 2015**
Held with RBI as collateral for Real Time Gross Settlement System (RTGS) towards Intra-Day Liquidity (IDL) facility	15,000,000	15,000,000
Held with RBI as collateral for LAF borrowing	NIL	2,392,000
Held with RBI for requirements u/s 11(2)(b) of Banking Regulation Act, 1949	8,380,000	8,050,000
Held with Clearing Corporation of India Limited (CCIL)	3,017,300	4,983,600

2.3. Head Office charges

During the current year 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 (Other Liabilities and Provisions – Schedule 5).

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 2016	31 March 2015
Outsourced costs	1,315,204	1,372,144

2.5. Finance leased assets (Rs. in 000's)

	Particulars	31 March 2016	31 March 2015
1	**Assets acquired under finance lease-Vehicles (included under Schedule 10 II – Other Fixed Assets) as at the year end:**		
	Gross value	Nil	6,179
	Net carrying amount	Nil	Nil
2	**Total minimum lease payments as at the year end:**		
	Not later than one year	Nil	934
	Later than one year but not later than five years	Nil	Nil
3	**Total present value as at the year end:**		
	Not later than one year	Nil	730
	Later than one year but not later than five years	Nil	Nil

Finance lease comprises of vehicles taken on lease. There are no contingent rents recognised as income and there are no sub-lease arrangements in respect of the same in the current and previous year.

2.6. Operating leases (Rs. in 000's)

	Particulars	31 March 2016	31 March 2015
1	**Total future minimum lease payments as at year end:**		
	Not later than one year	367,103	336,951
	Later than one year but not later than five years	289,996	457,659
	Later than five years	–	8,769
2	**Lease payments recognised in the Profit and Loss Account under Rents, taxes and lighting in Schedule 16.**	727,875	781,753

Operating leases comprise premises and Automated Teller Machine (ATMs). There are no sub–lease arrangements in respect of the current and previous years.

2.7. Segmental reporting

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

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, certificate of deposits and commercial paper, money market operations, corporate deposits, derivatives and foreign exchange operations on the proprietary account and for customers and central funding.
Retail Banking	Retail Banking constitutes lending to individuals/small businesses subject to the orientation, product and granularity criterion and also includes low value individual exposures not exceeding the threshold limit of Rs. 5 crores as defined by the RBI. Retail Banking activities also include liability products and retail loans.
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.

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

Revenues in the above segment also include inter-segmental revenues.

Revenues of the Treasury segment primarily consist of interest income on securities, money market operations, non-convertible debentures, commercial paper, certificate of deposits, gains or losses in securities trading, derivatives and foreign exchange. Principal expenses of this segment comprise interest on market borrowings, subordinated-debt, hybrid capital and innovative perpetual debt, 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 the retail products. Revenues from the Corporate/Wholesale banking lending activity consist of interest and fees earned on loans given to customers falling under this segment and commission earned on trade services. Expenses of the Corporate/Wholesale Banking and Retail Banking activity primarily comprise interest expense on deposits, expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Fund transfer pricing:

Treasury gives notional interest benefit in other segments for the funds mobilised by them through deposits and similarly charges notional interest to other segments for the funds utilised by them for lending and investment purposes. Based on tenors of assets/liabilities and market scenarios, notional interest rates used for this purpose are calculated.

Geographical segments

The Branches render their services within one geographical segment and have no offices or significant assets outside India.

Segment results for 31 March 2016 are set out below: (Rs. in 000's)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Unallocated	Total
Revenue	11,640,263	3,133,151	9,449,249	70,352	**24,293,015**
Less: Inter Segment Revenue					**10,703,249**
Revenue net of Inter segment					**13,589,766**
Operating Profit	(189,228)	1,019,846	4,828,361	(4,272,807)	**1,386,172**
Taxes				1,096,534	**1,096,534**
Net Profit/(Loss)					**289,638**
Segment Assets	104,068,568	583,578	35,358,017	6,787,567	**146,797,730**
Segment Liabilities	65,264,902	30,629,501	14,009,323	36,894,004	**146,797,730**
Capital expenditure during the year				145,697	**145,697**
Depreciation on fixed assets during the year				246,565	**246,565**

Segment results for 31 March 2015 are set out below: (Rs. in 000's)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Unallocated	Total
Revenue	12,569,490	2,268,581	12,441,444	116,300	**27,395,815**
Less: Inter Segment Revenue					**9,742,888**
Revenue net of Inter segment					**17,652,927**
Operating Profit	2,943,233	30,809	4,867,741	(4,915,770)	**2,926,013**
Taxes				(1,754,220)	**(1,754,220)**
Net Profit/(Loss)					**1,171,793**
Segment Assets	71,196,364	558,833	111,585,635	6,852,345	**190,193,177**
Segment Liabilities	103,015,611	32,475,267	21,308,799	33,393,500	**190,193,177**
Capital expenditure during the year				221,481	**221,481**
Depreciation on fixed assets during the year				304,655	**304,655**

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

2.8. 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 insofar 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 Royal Bank of Scotland N.V. Netherlands, and its branches The Royal Bank of Scotland 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 (Formerly known as RBS Business Services Private Limited) RBS Global Trade Services Private Limited (Merged with RBS Services India Private Limited w.e.f. 1 April 2015) RBS Financial Services (India) Private Limited RBS Equities (India) Limited RBS Corporate Finance (India) Private Limited RBS Foundation India RBS India Development Centre Private Limited(Merged with RBS Services India Private Limited w.e.f. 1 April 2015) National Westminster Bank PLC Citizens Bank National Association Coutts & Co.
3	Key Management Personnel	Brijesh Mehra, 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 2016	As at 31 March 2016	Maximum outstanding during the year ended 31 March 2015	As at 31 March 2015
Parent/Head Office and branches of Head Office				
Deposits	*	1,623,664	*	1,679,163
Balance due from Banks outside India	*	1,056,419	*	1,013,872
Balance due to Banks outside India	*	596,433	*	4,141,681
Money Market Borrowings	3,975,300	Nil	5,312,500	2,187,500
Foreign exchange deals (Notional)	*	23,270,894	*	103,714,185
Derivative transactions (Notional)	*	105,766,165	*	140,311,992
Subordinated Debt:				
Innovative perpetual debt	4,816,715	4,816,715	4,256,528	4,256,528
Hybrid Capital	10,317,214	10,317,214	9,117,314	9,117,314
Non-funded commitments	*	13,206,763	*	34,430,554
Other receivables	*	4,281	*	325,786
Other payables	*	332,012	*	488,178
Subsidiaries of Parent (Head Office) and entities under common control				
Advances	*	Nil	*	Nil
Balance due from Banks outside India	*	37,217	*	27,818
Deposits	23,431,590	20,900,746	16,278,087	15,872,512
Non-funded commitments	*	231,883	*	392,889
Foreign exchange deals (Notional)	*	1,913,718	*	778,449
Other receivables	*	12,783	*	41,113
Other payables	*	726,248	*	390,249
* Maximum amounts outstanding during the year have not been given/cannot be determined				

Profit and Loss Account	31 March 2016	31 March 2015
Parent/Head Office and branches of Head Office		
Expenses incurred	274,770	479,846
Other Income	123,373	473,854
Interest expense	517,362	535,431
Interest income	873	868
Subsidiaries of Parent (Head Office) and entities under common control		
Secondment revenue and other costs recovered	33,833	38,058
Expenses recovered	43,106	35,320
Services rendered	3,034	2,422
Services received	1,138,284	978,371
Interest income	84	1,029
Interest expense **	1,281,348	989,314
Other expense	20,000	Nil
Fee/commission income	9,641	1,472

** Interest expense includes interest on term deposits.

2.9. 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 'Other Assets' are as follows: (Rs. in 000's)

Particulars	31 March 2016	31 March 2015
Deferred tax asset		
Loan loss provisions	547,120	876,494
Depreciation on fixed assets and assets on lease	250,739	250,739
Provision for Employee Benefits	925,739	954,052
Others	180,463	239,470
Deferred tax liability		
Special reserve created for loan for residential housing purposes	26,110	26,110
Net deferred tax asset	**1,877,951**	**2,294,645**

2.10. 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	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 fulfill its financial or performance obligations.
Other items for which the Bank is contingently liable - Others	This includes Capital Commitments, DEAF and Undrawn Commitments.

2.11. Prior period items

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

2.12. India Bank Restructuring

During the year, the Bank has sold its Diamond and Jewellery business on a going concern basis comprising a portfolio of certain assets totaling to Rs.4,099 crores (comprising of advances/other assets and including certain non performing loans) and liabilities (including deposits) totaling to Rs. 280 crores. The premium related to the transactions has been recorded in accordance with the accounting principles generally accepted in India read with the RBI guidelines.

Further, based on communications with the RBI, subsequent to the year end, the Management has initiated steps to reduce its remaining Corporate & Institutional Banking and Retail (including Private Banking) business through a structured process and in a phased manner. Based on the Asset Liability Management (ALM) projected by the Management, the Bank has adequate funding from the date of approving of the financial statements to repay its obligations.

In Management's view, based on the current ALM position and progress made on its restructuring strategy, the Bank has considered itself as a going concern.

2.13. Software

Included in 'Other Fixed Assets' is capitalised software amounting: (Rs. in 000's)

Particulars	As at	As at
	31 March 2016	31 March 2015
At Book Value		
Beginning of the year	847,470	776,157
Additions during the year	61,908	71,313
Deductions during the year	(307,303)	Nil
Total	**602,075**	**847,470**
Depreciation		
Beginning of the year	782,142	734,228
Additions during the year	55,664	47,914
Deductions during the year	(306,905)	Nil
Total	**530,901**	**782,142**
Net Book Value	**71,174**	**65,328**

2.14. During the year, the Bank has appropriated Nil (Previous Year: Rs. 33,269 thousand), (net of taxes and transfer to Statutory Reserve) to Investment Reserve Account, being write back of excess provision on Investments charged to the Profit and Loss Account, in accordance with the RBI guidelines.

During the year, the Bank has appropriated Rs.63,057 thousand (Previous Year: Nil) net of taxes and transfer to statutory reserve, to the Capital Reserve, being profit earned on sale of premises in accordance with the RBI guidelines.

2.15. During the year the Bank has transferred securities classified under the HTM category to AFS category in excess of 5% of the book-value of investments held under the HTM category as at the beginning of the year. The market value of the securities held under HTM category as at the year end is Rs. 10,712,653 thousand against the book value of Rs. 10,526,923 thousand.

2.16. 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 financial year, hence the disclosures as required under the said Act are not applicable. This has been relied upon by the Auditors.

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 net profit of previous 3 years. Gross amount required to be spent by the Bank during the year is Rs. 91,640 thousand. Amount actually spent during the year is Rs 91,640 thousand. The same is forming part of Schedule 16 (xii) – Operating Expenses.

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. Previous year figures have been regrouped/reclassified, where necessary, to conform to current year's presentation.

For The Royal Bank of Scotland N.V. – Indian Branches

Ramit Bhasin	**Jaykumar Shah**
Interim Country Executive – India	**Chief Financial Officer – India**
Mumbai, 29 June 2016	**Mumbai, 29 June 2016**

THE ROYAL BANK OF SCOTLAND N.V.
(Incorporated in the Netherlands with Limited Liability)
INDIAN BRANCHES

BASEL III – PILLAR III DISCLOSURES AS AT 31 MARCH 2016

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

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

(II) Pillar 2: Supervisory review of capital adequacy

(III) Pillar 3: Market discipline

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

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

1. Scope of Application

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

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

2. Capital Structure

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

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

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

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

The Bank has not borrowed any debt capital from Head office in the period April 2015 - March 2016.

3. Capital Adequacy

a. Capital Management

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

Organisational set-up

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

Regulatory capital

The Bank is subject to the capital adequacy norms stipulated by the RBI guidelines on Basel III. The RBI guidelines on Basel III require The Bank to maintain a minimum ratio of total capital to risk weighted assets of 9.625%, with a minimum Tier-I capital adequacy ratio of 7% and Common equity capital adequacy ratio of 5.5%. The total capital adequacy ratio of the Bank at 31 March 2016 as per the RBI guidelines on Basel III is 26.09% with a Tier-I capital adequacy ratio of 21.95% and Common equity capital adequacy ratio including capital conservation buffer 20.59%. Banks are required to maintain a capital conservation buffer of 0.625% for the year 2016 comprised of Common Equity Tier I capital above the regulatory minimum capital requirement of 9%. Under Pillar 1 of the RBI guidelines on Basel III, The Bank follows the Standardised Approach for credit risk, Standardised Duration method for market risk and Basic Indicator approach for operational risk.

Internal assessment of capital

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

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

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

Monitoring and reporting

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

b. Capital requirements for various risk areas

As required by RBI guidelines on Basel III, The Bank's capital requirements as at 31 March 2016 have been computed using the Standardised Approach for credit risk, Standardised Duration method for market risk and Basic Indicator approach for operational risk. The minimum total capital required to be held is 9.625% for credit, market and operational risks. The actual position of various components of capital is given below:

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

		31-March-2016	31-March-2015
A	**Capital requirements for Credit Risk**	870	1,605
	Portfolios subject to standardised approach	870	1,605
	Securitisation exposures		
B	**Capital requirements for Market Risk**	191	261
	Standardised duration approach		
	Interest rate risk	126	207
	Foreign exchange risk	65	54
	Equity risk		
C	**Capital requirements for Operational risk**		
	Basic indicator approach	238	225
D	**Capital Adequacy Ratio of the Bank (%)**	26.09%	14.23%
E	CET 1 capital ratio plus capital conservation buffer (%)	20.59%	10.76%
F	Tier II capital ratio (%)	4.14%	2.97%

Risk Management Framework:

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

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

Measurement of risks for capital adequacy purposes

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

Objectives and Policies

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

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

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

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

Structure and Organisation

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

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

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

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

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

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

India Level

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

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

Group Level

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

Committee	Responsibilities
Disclosure Committee	The Disclosure Committee advises and assists the Managing Board in fulfilling its responsibilities for overseeing the accuracy and timelines of public disclosures made by the company. This inter alia includes reviewing and advising on the adequacy of the design and establishment of controls and other procedures, including procedures currently used by RBS NV India branch in this respect.

4. Credit Risk

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

Credit Risk Management Policy

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

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

Credit risk in respect of exposures on corporate as well as micro, small and medium enterprises (MSME) is measured and managed at both individual counterparty level as well as at a portfolio level. Selected products extended by the Bank in India are managed at the portfolio level, as the individual loans under product programs are guided by the product program with built in triggers. Credit rating tools are an integral part of risk-assessment of the corporate borrowers and different rating models are used for each segment that has distinct risk characteristics such as Large Corporate, Small and Medium Corporate, financial companies and project finance.

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

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

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

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

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

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

Definition and classification of non-performing assets (NPAs)

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

The asset classification

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

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

Doubtful1: Substandard + up to maximum one year from there

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

Doubtful3: Substandard + > 3 years

Loss: Substandard + > 3 years

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

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

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

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

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

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

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

Restructured assets

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

DF - 4: Credit Risk Exposures

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure

(Rs. in crore)

	31-March-2016			31-March-2015		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Fund Based	4,144	-	4,144	11,804	-	11,804
Non Fund Based	5,071	-	5,071	11,042	-	11,042
Total	**9,215**	**-**	**9,215**	**22,846**	**-**	**22,846**

Industry distribution of exposures (Rs. in crore)

Industry Classification	31-Mar-16		31-Mar-15	
	Funded	Non funded	Funded	Non funded
All Engineering	80	306	751	888
Basic Metal and Metal Products	607	65	129	9
Beverages (excluding Tea & Coffee) and Tobacco	145	14	467	28
Cement and Cement Products	-	-	-	2
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,367	89	769	250
Construction	147	62	60	107
Food Processing	28	10	237	103
Gems and Jewellery		6	3,767	77
Glass & Glassware	6	5	-	60
Infrastructure	116	1,202	777	1,648
Leather and Leather products	-	-	-	-
Mining and Quarrying	2	28	14	28
Other Industries	87	49	405	367
Paper and Paper Products	192	-	68	-
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	-
Residuary Other Advances	1,308	3,007	3,858	7217
Rubber, Plastic and their Products		56	10	98
Textiles		-	10	-
Vehicles, Vehicle Parts and Transport Equipments	59	172	482	160
Wood and Wood Products	-	-	-	-
Total	**4,144**	**5,071**	**11,804**	**11,042**

Residual Contractual/Behavioural Maturities breakdown of Assets & Liabilities as at 31 March 2016 (Rs. in crore)

Particulars	Deposits	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Day 1	311	325	-	61	404	98
2 to 7 days	549	1,005	-	-	434	64
8 to 14 days	326	678	-	-	264	42

15 to 28 days	292	574	148	-	375	6
29 days to 3 months	1280	142	3,580	-	-	6
Over 3 months to 6 months	156	18	914	-	-	9
Over 6 months to 12 months	1,915	93	1,083	313	-	1,187
Over 1 Year to 3 Years	3,125	694	2,345	1,200	517	1,506
Over 3 Years to 5 Years	8	1	-	-	-	2
Over 5 Years	0	9	-	-	851	174
Total	**7,962**	**3,539**	**8,070**	**1,574**	**2,845**	**3,094**

Residual Contractual/Behavioural Maturities breakdown of Assets & Liabilities as at 31 March 2015 (Rs. in crore)

Particulars	Deposits	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Day 1	237	763	-	196	551	224
2 to 7 days	1,111	2,298	-	675	736	50
8 to 15 days	928	893	-	200	636	32
15 to 28 days	802	1,882	-	-	765	3
29 days to 3 months	1,656	1,894	560	219	625	231
Over 3 months to 6 months	370	883	410	-	240	16
Over 6 months to 12 months	712	226	200	-	-	32
Over 1 Year to 3 Years	4,676	2,292	2,104	426	790	1,607
Over 3 Years to 5 Years	21	9	1,372	911	-	914
Over 5 Years	0	11	-	-	823	424
Total	**10,513**	**11,151**	**4,646**	**2,627**	**5,166**	**3,533**

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

	Particulars	31-March-2016	31-March-2015
A	**Amount of NPAs (Gross)**	-	82
	Substandard	-	7
	Doubtful	-	17
	Loss	-	58
B	**Net NPAs**	-	6
C	**NPA Ratios**		
	Gross NPAs to gross advances (%)	0.00%	0.73%
	Net NPAs to net advances (%)	0.00%	0.05%
D	**Movement of NPAs (Gross)**		
	Opening balance	82	114
	Additions during the year	0	7
	Reductions during the year	(82)	(39)
	Closing balance	0	82
E	**Movement of Provision for NPAs**		
	Opening balance	76	119
	Provision made during the year	0	3
	Write – Offs/Write – Back of excess provision*	(76)	(46)
	Closing balance	0	76

*Comprises provision amounting to 3.34 crores pertaining to NPA included in portfolio sale during the year

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

Movement of Specific and General Provisions as on 31 March 2016 (Rs. In crore)

Movement of Provisions	Specific Provision	General provision
(a) Opening Balance	76	209

(b) Provisions made during the year	-	-
(c) Write-off/write-back of excess provisions	76	-
(d) Adjustments/Transfers between provisions*	-	-
(e) Closing balance	-	**209**

General provision includes Standard asset provision and UHFCE provision

Details of write off's and recoveries that have been booked directly to the income statement as on 31 March 2016 (Rs. In crore)

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

Major Industries break up of NPA as on 31 March 2016 (Rs. In crore)

Industry	Gross NPA
Other Industries	0.08
Total	**0.08**

Major Industries break up of Provision as on 31 March 2016 (Rs. In crore)

Industry	Specific Provision	General provision
Other Industries	0.08	209
Total	**0.08**	**209**

Major Industries breakup of specific provision and write-off's during the current period – For the financial year 31 March 2016 (Rs. In crore)

Industry	Provision	Write-offs
Chemical and Chemical Products	48	36
Textiles	10	10
Vehicles, Vehicle Parts and Transport Equipments	8	8
Other Industries	4	4
Engineering	3	3

Geography wise distribution of NPA and Provision as on 31 March 2016 (Rs. In crore)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	0.08	0.08	209
Overseas	-	-	-
Total	**0.08**	**0.08**	**209**

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

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

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

	31-March-2016	31-March-2015
Below 100% risk weight	4,778	8,096
100% risk weight	2,993	10,769
More than 100% risk weight	2,990	4,595
Deductions		
Investments in subsidiaries	-	-

6. Credit Risk Mitigation

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

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

DF – 6: Detail of total credit exposure position as on 31-March 2016 (Rs. In crore)

	31-March-2016	31-March-2015

Covered by		
Financial collaterals	156	464
Guarantees	-	-

7. Securitisation

DF - 7: Securitisation

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

8. Market Risk in Trading Book

Market risk is the risk of losses arising from changes in market rates or prices that can affect the value of tradable instruments. These instruments can be trading book or could also belong to investment portfolios. The risk exposure from trading activities mainly arises from difference between positions from client transactions and their hedges, and the risk exposure from non-trading activities is mainly from maturity mismatches between assets and liabilities.

Traded Market Risk

Within trading books as defined in the Trading Book Policy Standard, the risks that arise from changes in fair value on positions, assets, liabilities or commitments as a results of fluctuations in market prices.

Non Traded Market Risk

The Non Traded Market Risk includes non-trading books ,assets and liabilities positions, the risks that arise from fluctuations in market prices (including interest rates, foreign currency, equity prices) and managed rates.

The Bank uses various risk metrics, both statistical and non-statistical, including:

- Non-statistical measures such as position, gaps and sensitivities
- Value at risk (VaR)
- The Bank has set in place VaR limits, which are based on the Historical Simulation Method to control and monitor market risk. Daily reports are made available through the risk management systems for monitoring these exposures. In addition to these limits, stress and scenario analysis are undertaken to evaluate shock impacts
- The Bank periodically reports on the various investments and their related risk measures to the India ALCO. The Bank also periodically submits the required reports to the regulator as per the regulatory reporting requirements.
- A fuller description of the Group's approach to market risk can be found in the Group's 2015 Annual Report and Accounts for market risk disclosure.

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

	Amount of Capital required	Amount of Capital required
	31-March-2016	**31-March-2015**
Interest rate risk	126	207
Foreign exchange risk (including gold)	65	54
Equity position risk	-	-

9. Operational Risk

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

The objective of the Bank's Operational Risk management is to manage and control operational risks in a cost effective manner within targeted levels of Operational Risk consistent with RBS risk appetite. To ensure appropriate responsibility is allocated for the management, reporting and escalation of operational risk, The Bank operates three lines of defense model which outlines principles for the roles, responsibilities and accountabilities for operational risk management.

Operational Risk – Three lines of defence model

1st Line of Defence – Management & Supervision

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

First line responsibilities:

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

2nd Line of Defence - Oversight & Control

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

Second line responsibilities:

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

3rd Line of Defence – Internal Audit

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

Third line responsibilities:

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

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

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

They comprise principles and processes that enable the consistent identification, assessment, management, monitoring and reporting of operational risk across the Group. The objectives of the standards is to protect the Group from financial loss or damage to its reputation, its customers or staff and to ensure that it meets all necessary regulatory and legal requirements.

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

1. Risk assessments: business units identify and assess operational risks to ensure that they are effectively managed, prioritised, documented and aligned to risk appetite;
2. Risk Event and Loss data management: each business unit's internal loss data management process captures all operational risk loss events above certain minimum thresholds. The data is used to enhance the adequacy and effectiveness of controls, identify emerging themes, enable formal loss event reporting and inform risk and control assessments and scenario analysis.

   Escalation of individual events to senior management is determined by the seriousness of the event.
3. Risk Issues Management: This process ensures that operational risk issues are captured and classified consistently, and that there is robust governance over their closure and acceptance.
4. New products Risk assessment: This process ensures that all new products or significant variations to existing products are subject to a comprehensive risk assessment. Products are evaluated and approved by specialist areas and are subject to executive approval prior to launch; and Scope and nature of reporting and measurement systems

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

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

Policies for mitigating risks

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

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

DF- 9: Approach for Operational Risk Capital Assessment

As per the RBI guidelines on Basel III, The Bank, India has adopted Basic Indicator approach for computing capital charge for operational risk. The capital required for operational risk at March 31,2016 was Rs. 238 crores.

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

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

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

Governance framework

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

Measurement

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

- **Gap analysis:** The interest rate gap or mismatch risk is measured by calculating gaps over different time intervals as at a given date. This static analysis measure mismatches between rate sensitive liabilities (RSL) and rate sensitive assets (RSA). The report is prepared monthly by grouping rate sensitive assets, liabilities and off-balance sheet positions into time buckets according to their residual/behavioural maturities or next re-pricing periods. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The direction of the gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap helps in finding out the change in net interest income for any given interest rate shift.
- **Earnings at risk (EaR):** The interest rate gap report mentioned above indicates whether the branch is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by having a negative gap (RSL>RSA). EaR measures the change in NII over a one year time horizon for various levels of parallel shift in interest rates.
- **Economic value:** Change in the interest rates have a long-term impact on the capital position of the branch, as the economic value of the Branch's assets, liabilities and off-balance sheet positions get affected by these rate changes. The branch applies modified duration approach and monitors impact of various levels of parallel shift in interest rate curves on the capital position.
- **PV01:** PV01 measures the impact on economic value of a 1 basis point (0.01%) change in interest rates. The branch also uses PV01 limits to manage IRRBB or NTIRR.

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

Earnings perspective (Rs. In crore)

	31-March-16		31-March-15	
	-200	**200**	**-200**	**200**
INR	(83)	83	(19)	19
USD	(19)	19	(52)	52
GBP	0	(0)	0	0
EUR	0	(0)	0	0
JPY	20	(20)	8	(8)
RES	0	(0)	0	0
Total	**(82)**	**82**	**(63)**	**63**

Economic value perspective (Rs. In crore)

	31-March-16		31-March-15	
	-200	**200**	**-200**	**200**
INR	(53)	53	(4)	4
USD	(2)	2	30	(30)
GBP	(0)	0	(1)	1
EUR	(3)	3	(5)	5
JPY	(13)	13	(9)	9
RES	(0)	0	(0)	0
Total	**(71)**	**71**	**11**	**(11)**

11. General Disclosure for Exposures Related to Counterparty Credit Risk

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

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

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

Policies for securing collateral and establishing credit reserves

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

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

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

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

Collateral required in the event of a credit rating downgrade

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

(Rs. In crore)

Particulars	IRS/CCS/FRA	Options
Gross Positive Fair Value of Contracts	442	1
Netting Benefits	0	0
Netted Current Credit Exposure	442	1
Collateral held (e.g. Cash, G-sec, etc.)	0	0
Net Derivatives Credit Exposure	442	1
Exposure amount (under CEM)	1,556	2
Notional value of Credit Derivative hedges	0	0
Credit derivative transactions that create exposures to CCR	0	0

12. Composition of Capital

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,690		a
2	Retained earnings	26,159		b+c+d
3	Accumulated other comprehensive income (and other reserves)	0		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	0		
	Public sector capital injections grandfathered until 1 January 2018	0		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0		
6	Common Equity Tier 1 capital before regulatory adjustments	27,849		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0		
8	Goodwill (net of related tax liability)	0		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	57	14	e
10	Deferred tax assets	0		
11	Cash-flow hedge reserve	0		
12	Shortfall of provisions to expected losses	0		
13	Securitisation gain on sale	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0		
15	Defined-benefit pension fund net assets	0		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0		
17	Reciprocal cross-holdings in common equity	0		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where The Bank, India	0		
	Does not own more than 10% of the issued share capital(amount above 10% threshold)	0		

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions(amount above 10% threshold)	0		
20	Mortgage servicing rights4 (amount above 10% threshold)	0		
21	Deferred tax assets arising from temporary differences5(amount above 10% threshold, net of related tax liability)	0		
22	Amount exceeding the 15% threshold6	0		
23	of which: significant investments in the common stock of financial entities	0		
24	of which: mortgage servicing rights	0		
25	of which: deferred tax assets arising from temporary differences	0		
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	0		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	0		
26b	of which: Investments in the equity capital of unconsolidated on-financial subsidiaries8	0		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0		
26d	of which: Unamortised pension funds expenditures	0		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	0		
	Of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	0		
	Of which: [INSERT TYPE OF ADJUSTMENT]	0		
	Of which: [INSERT TYPE OF ADJUSTMENT]	0		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0		
28	Total regulatory adjustments to Common equity Tier 1	57		
29	Common Equity Tier 1 capital (CET1)	27,792		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	Of which: Classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0		
32	Of which: Classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	1,861		f
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which: instruments issued by subsidiaries subject to phase out	-		
36	Additional Tier 1 capital before regulatory adjustments	1,861		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where The Bank, India does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10	0		
41	National specific regulatory adjustments (41a+41b)	0		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with The Bank, India	0		

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	14		
	of which: Intangible	14		e
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	0		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0		
43	Total regulatory adjustments to Additional Tier 1 capital	14		
44	Additional Tier 1 capital (AT1)	1,847		
44a	Additional Tier 1 capital reckoned for capital adequacy11	1,847		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	29,639		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0		
47	Directly issued capital instruments subject to phase out from Tier 2	4,294		e
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0		
49	Of which: Instruments issued by subsidiaries subject to phase out	0		
50	Provisions	1,294		g+h
51	Tier 2 capital before regulatory adjustments	5,589		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0		
53	Reciprocal cross-holdings in Tier 2 instruments	0		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where The Bank, India does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0		
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0		
56	National specific regulatory adjustments (56a+56b)	0		
56a	Of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0		
56b	Of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with The Bank, India	0		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	0		
	Of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	0		
	Of which: [INSERT TYPE OF ADJUSTMENT	0		
57	Total regulatory adjustments to Tier 2 capital	0		
58	Tier 2 capital (T2)	5,589		
58a	Tier 2 capital reckoned for capital adequacy14	5,589		
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	5,589		
59	Total capital (TC = T1 + T2) (45 + 58c)	35,228		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	135,009		
	Of which: [INSERT TYPE OF ADJUSTMENT]			
	Of which:			
60	Total risk weighted assets (60a + 60b + 60c)	135,009		
60a	Of which: total credit risk weighted assets	90,428		

Sr. No.	Particular	Amount (Rs. In millions)	Amounts Subject to Pre-Basel III Treatment	Ref No.
60b	Of which: total market risk weighted assets	19,814		
60c	Of which: total operational risk weighted assets	24,767		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	20.59%		
62	Tier 1 (as a percentage of risk weighted assets)	21.95%		
63	Total capital (as a percentage of risk weighted assets)	26.09%		
64	Institution specific buffer requirement (minimum CET1requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	0		
65	Of which: capital conservation buffer requirement	0		
66	Of which: bank specific countercyclical buffer requirement	0		
67	Of which: G-SIB buffer requirement	0		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	14.46%		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.63%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	0		
73	Significant investments in the common stock of financial entities	0		
74	Mortgage servicing rights (net of related tax liability)	0		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,294		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1,130		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
	Capital instruments subject to phase-out arrangements (only applicable between 31 March, 2017 and 31 March, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		
82	Current cap on AT1 instruments subject to phase out arrangements	NA		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA		
84	Current cap on T2 instruments subject to phase out arrangements	NA		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA		

* NA – Not Applicable

Notes to the Template		
	Particular	**(Rs. in million)**
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability *	71
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	NA

	of which: Increase in Additional Tier 1 capital	NA
	of which: Increase in Tier 2 capital	NA
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	NA
	(ii) Increase in risk weighted assets	NA
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	0
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0
50	Eligible Provisions included in Tier 2 capital	1,294
	Eligible Revaluation Reserves included in Tier 2 capital	0
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0

* 71 million pertains to net book value of Intangibles i.e. Software.

13. Composition of Capital - Reconciliation Requirements

	Particulars	**Balance sheet as in financial statements As on 31 March 2016 (Rs. In Millions)**	**Reference No.**
A	**Capital & Liabilities**		
i	Paid-up Capital	1,690	a
	Reserves & Surplus	26,478	
	Of which:		
	Statutory Reserves	8,353	b
	Capital Reserves	287	c
	Other Revenue reserves	17,520	d
	Investment fluctuation Reserve	164	g
	Balance in Profit/Loss account	154	
	Minority Interest	-	
	Total Capital	**28,168**	
ii	Deposits	79,623	
	Of which: Deposits from banks	1,772	
	Of which: Customer deposits	77,851	
	Of which: Other deposits (pl. specify)	-	
iii	Borrowings	15,739	
	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	15,739	
	Of which: Capital instruments	15,134	f
iv	Other liabilities & provisions	23,268	
	Of which: Provision for Standard Advances	2,092	h
	Total	**146,798**	
B	**Assets**		

	Particulars	Balance sheet as in financial statements As on 31 March 2016 (Rs. In Millions)	Reference No.
i	Cash and balances with Reserve Bank of India	9,158	
	Balance with banks and money at call and short notice	8,327	
ii	Investments:	80,700	
	Of which: Government securities	80,700	
	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	35,391	
	Of which: Loans and advances to banks	-	
	Of which: Loans and advances to customers	35,391	
iv	Fixed assets	375	
v	Other assets	12,847	
	Of which: Goodwill and intangible assets		
	Of which: Deferred tax assets	1,878	e
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**146,798**	

14. Main Features Template

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

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

1	Issuer	NA	NA
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument		
	Regulatory treatment		
4	Transitional Basel III rules	Additional Tier I	Additional Tier I
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at solo/group/group & solo	NA	NA
7	Instrument type	HO – Borrowings	HO – Borrowings
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	1,861	
9	Par value of instrument	1,861	
10	Accounting classification	Liability – Borrowings	Liability – Borrowings
11	Original date of issuance	13th March, 2008	19th December, 2006
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	NA	NA
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	13th September, 2018	21st December, 2016
16	Subsequent call dates, if applicable	13th March & 13th September after 1st call date	13th March & 13th September after 1st call date
	Coupons/dividends	Coupon	Coupon
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	LIBOR+1.4275%	LIBOR+4.2%
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	NA	NA
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non Cumulative	Non Cumulative
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA

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

15. 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 Template as of 31 March 2016 (Rs. in Million)

S. No.	Leverage ratio framework	As of March 31, 2016	As of Dec 31, 2015	As of Sep 31, 2015	As of Jun 31, 2015
	On Balance Sheet exposures				
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	138,279	147,549	155,298	164,266
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(71)	(2,196)	(2,156)	(2,180)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	138,208	145,353	153,142	162,086
	Derivative Exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5,121	5,579	7,957	6,912
5	Add-on amounts for PFE associated with all derivatives transactions	11,488	13,611	17,058	19,242
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)	16,609	19,190	25,015	26,154
	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	6,345	2,585	3,721	1,770
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	6,345	2,585	3,721	1,770

S. No.	Leverage ratio framework	As of March 31, 2016	As of Dec 31, 2015	As of Sep 31, 2015	As of Jun 31, 2015
	Other Off – balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	34,099	43,148	146,966	194,544
18	(Adjustments for conversion to credit equivalent amounts)	(12,906)	(16,939)	(107,442)	(141,294)
19	Off-balance sheet items (sum of lines 17 and 18)	21,193	26,209	39,524	53,250
	Capital and total exposures				
20	Tier 1 capital	29,639	27,601	27,729	27,640
21	Total exposures (sum of lines 3, 11, 16 and 19)	182,355	193,337	221,402	243,260
	Leverage ratio	16.25%	14.28%	12.52%	11.36%
22	Basel III leverage ratio	16.25%	14.28%	12.52%	11.36%

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

S. No.	Particulars	As of March 31, 2016	As of Dec 31, 2015	As of Sep 31, 2015	As of Jun 31, 2015
1	Total consolidated assets as per published financial statements	149,745	155,713	166,976	172,948
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	11,488	13,611	17,058	19,242
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)	21,193	26,209	39,524	53,250
7	Other adjustments	(71)	(2,196)	(2,156)	(2,180)
8	Leverage ratio exposure	182,355	193,337	221,402	243,260

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

S. No.	Particulars	As of March 31, 2016	As of Dec 31, 2015	As of Sep 31, 2015	As of Jun 31, 2015
1	Total consolidated assets as per published financial statements	149,745	155,713	166,976	172,948
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	(5,121)	(5,579)	(7,957)	(6,912)
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(6,345)	(2,585)	(3,721)	(1,770)
4	Adjustment for entitles outside the scope of regulatory consolidation	-	-	-	-
5	On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs)	138,279	147,549	155,298	164,266

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.