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

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, 2015, the Profit and Loss Account, 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 specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 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 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, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 the Guidelines issued by the Reserve Bank of India from time to time 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, 2015, and its profit and its cash flows for the year ended on that date.

Other Matter

The audit of financial statements of the Bank for the year ended 31 March, 2014 was carried out by the previous auditors of the Bank.

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 Companies Act, 2013 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, read with Rule 7 of the Companies (Accounts)Rules, 2014 in so far as they apply to banks.
   (g) 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 – Refer Schedule 12, Schedule 17 - Note 4.11 and Schedule 18 - Note 2.10 to the 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 – Refer Schedule 17 - Note 4.11 and Schedule 18 - Note 1.19 to the financial statements;
      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 audit procedures at 7 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 our audit being made available to us.

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

Rukshad N. Daruvala
Partner
(Membership No.111188)

Mumbai, 29th June, 2015

THE ROYAL BANK OF SCOTLAND N.V.
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INDIAN BRANCHES

BALANCE SHEET AS AT 31 MARCH 2015

	Schedules	As at 31 March 2015 Rs. in 000's	As at 31 March 2014 Rs. in 000's
CAPITAL AND LIABILITIES			
CAPITAL	1	1,690,151	1,690,151
RESERVES AND SURPLUS	2	27,033,332	28,518,092
DEPOSITS	3	105,127,392	116,256,487
BORROWINGS	4	26,266,924	21,083,422
OTHER LIABILITIES AND PROVISIONS	5	30,075,378	36,114,706
TOTAL		**190,193,177**	**203,662,858**
ASSETS			
CASH AND BALANCES WITH THE RESERVE BANK OF INDIA	6	9,969,020	9,205,380
BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	7	1,100,851	2,155,554
INVESTMENTS	8	46,463,221	54,377,678
ADVANCES	9	111,507,405	111,351,659
FIXED ASSETS	10	623,882	728,062
OTHER ASSETS	11	20,528,798	25,844,525
TOTAL		**190,193,177**	**203,662,858**
CONTINGENT LIABILITIES	12	1,249,079,666	1,191,875,311
BILLS FOR COLLECTION		77,682,625	134,973,135

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 2015

		SCHEDULES	For the year ended 31 March 2015 Rs. in 000's	For the year ended 31 March 2014 Rs. in 000's
I	**INCOME**			
	INTEREST EARNED	13	14,306,477	17,437,905
	OTHER INCOME	14	3,346,450	6,549,541
	TOTAL		17,652,927	23,987,446
II	**EXPENDITURE**			
	INTEREST EXPENDED	15	6,794,711	7,852,733
	OPERATING EXPENSES	16	7,880,514	9,318,005
	PROVISIONS AND CONTINGENCIES (Refer Schedule 18-1.19)		1,805,909	3,264,466
	TOTAL		16,481,134	20,435,204
III	**PROFIT**			
	NET PROFIT FOR THE YEAR (Refer Schedule 18-2.11)		1,171,793	3,552,242
	TOTAL		1,171,793	3,552,242
IV	**APPROPRIATIONS**			
	TRANSFER TO STATUTORY RESERVE		292,948	888,061
	INVESTMENT RESERVE (Refer Schedule 18-2.14)		33,269	7,628
	BALANCE CARRIED FORWARD TO BALANCE SHEET		845,576	2,656,553
	TOTAL		1,171,793	3,552,242

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

Chartered Accountants
Rukshad N. Daruvala
Partner

Mumbai, 29 June 2015

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

Brijesh Mehra
Country Executive - India

Mumbai, 29 June 2015

Jaykumar Shah
Chief Financial Officer - India

Mumbai, 29 June 2015

THE ROYAL BANK OF SCOTLAND N.V.
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INDIAN BRANCHES

CASH FLOW STATEMENT

	Year ended 31 March 2015 (Rs. in 000's)	Year ended 31 March 2014 (Rs. in 000's)
Cash flows from Operating Activities		
Net Profit before taxes	2,926,013	6,621,173
Adjustment for		
Depreciation on Bank's property	304,655	369,148
Provision for Depreciation/(Write back) on Investments	(78,179)	60,255
Amortisation of premium on HTM Investments	12,753	8,044
Interest on Sub-ordinated Debt / Innovative Perpetual Debt / Hybrid Capital	532,106	603,293
Provision towards NPAs (net of write backs)	(431,394)	(1,237,654)
Bad Debts written off	337,896	1,372,934
Provision on standard assets including Unhedged Foreign Currency Exposure	223,366	-
(Profit)/Loss on sale of Fixed Assets	4,860	(36,228)
Net Unrealised Exchange Loss/(Gain) on Innovative Perpetual Debt / Hybrid Capital	(1,522,757)	692,974
Operating Profit before changes in working capital	**2,309,319**	**8,453,939**
Changes in working capital		
Decrease in Other Liabilities and Provisions	(6,260,536)	(283,745)
Decrease in Deposits	(11,129,095)	(11,237,654)
Decrease in Investments	7,979,883	36,789,065
(Increase) / Decrease in Advances	(62,248)	13,852,119
Decrease in Other Assets	5,087,499	2,194,336
	(4,384,497)	**41,314,121**
	(2,075,178)	**49,768,060**
Taxes paid	(1,525,992)	(2,065,708)
Net cash from / (used in) Operating Activities	**(3,601,170)**	**47,702,352**
Cash flows from Investing Activities		
Purchase of Fixed Assets	(221,481)	(66,971)
Proceeds from sale of Fixed Assets	16,146	49,101
Net cash from / (used in) Investing Activities	**(205,335)**	**(17,870)**
Cash flows from Financing Activities:		
Profit remitted to Head office during the year	(2,656,553)	(1,663,221)
Increase / (Decrease) in Other Borrowings	6,706,259	(50,835,099)
Interest on Sub-ordinated Debt / Innovative Perpetual Debt / Hybrid Capital	(534,264)	(761,716)
Net cash from / (used in) Financing Activities	**3,515,442**	**(53,260,036)**
Net Increase / (Decrease) in cash and cash equivalents	**(291,063)**	**(5,575,554)**
Cash and cash equivalents as at April 1	11,360,934	16,936,488
Cash and cash equivalents as at March 31	**11,069,871**	**11,360,934**

Notes to the Cash flow statement:

Cash and cash equivalents includes the following

	31 March 2015 (Rs. in 000's)	31 March 2014 (Rs. in 000's)
Cash and Balances with Reserve Bank of India	9,969,020	9,205,380
Balances with Banks and Money at Call and Short Notice	1,100,851	2,155,554
	11,069,871	**11,360,934**

As per our report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants
Rukshad N. Daruvala
Partner
Mumbai, 29 June 2015

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

Brijesh Mehra
Country Executive - India
Mumbai, 29 June 2015

Jaykumar Shah
Chief Financial Officer - India
Mumbai, 29 June 2015

THE ROYAL BANK OF SCOTLAND N.V.
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INDIAN BRANCHES

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2015

	As at 31 March 2015 Rs. in 000's	As at 31 March 2014 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	8,050,000	7,150,000
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	7,987,423	7,099,362
Additions during the year	292,948	888,061
Closing balance	8,280,371	7,987,423
II Capital Reserve		
Opening balance	223,638	223,638
Additions during the year	-	-
Closing balance	223,638	223,638
III Property Investment Reserve		
Opening balance	82,749	82,749
Additions during the year	-	-
Closing balance	82,749	82,749
IV Special Reserve for Residential Housing Loans (Under Section 36(i)(viii) of the Income Tax Act, 1961)	60,355	60,355
V Head Office Charges Reserve		
Opening balance	3,006,951	3,006,951
Additions during the year (Refer schedule 18-2.3)	-	-
Closing balance	3,006,951	3,006,951
VI Investment Reserves		
Opening balance	130,859	123,231
Additions during the year (Refer Schedule 18-2.14)	33,269	7,628
Closing balance	164,128	130,859
VII Remittable Surplus Retained for CRAR Requirements		
Opening Balance	14,369,564	14,369,564
Additions during the Year	-	-
Closing balance	14,369,564	14,369,564
VIII Balance of Profit and Loss Account		
Opening balance	2,656,553	1,663,221
Additions during the Year	845,576	2,656,553
Profit remitted to Head Office during the year	(2,656,553)	(1,663,221)
Closing balance	845,576	2,656,553
TOTAL	27,033,332	28,518,092
SCHEDULE 3 - DEPOSITS		
A. I Demand deposits		
i) From banks	1,854,739	369,340
ii) From others	21,817,124	25,169,564
II Savings bank deposits	20,626,200	22,856,149
III Term Deposits		
i) From banks	5,143	5,143
ii) From others	60,824,186	67,856,291
TOTAL	105,127,392	116,256,487
B. i) Deposits of branches in India	105,127,392	116,256,487
ii) Deposits of branches outside India	-	-
TOTAL	105,127,392	116,256,487
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	2,300,000	1,000,000
ii) Other banks	3,000,000	-
iii) Other institutions and agencies	3,445,643	-
II Borrowings outside India		
i) From banks	4,147,439	5,186,823
ii) From others	-	-
iii) Innovative perpetual debt	4,256,528	4,741,179
iv) Hybrid capital	9,117,314	10,155,420
TOTAL	26,266,924	21,083,422
Secured Borrowings included in I and II above is Rs. 5,745,643 thousand (Previous year: Rs.1,000,000 thousand)		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	881,834	1,112,822
II Inter-branch adjustments (net)	-	-
III Interest accrued	1,145,275	755,965
IV Provisions on Standard Assets (Refer Schedule 18-1.12)	2,087,301	1,863,935
V Provision for Tax (Net of Advance Tax)	-	-
VI Others (including provisions)	25,960,968	32,381,984
TOTAL	30,075,378	36,114,706
SCHEDULE 6 - CASH AND BALANCES WITH THE RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	354,337	352,966
II Balances with the Reserve Bank of India		
i) In current accounts	9,614,683	7,052,414
ii) In other accounts	-	1,800,000
TOTAL	9,969,020	9,205,380
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balances with banks		
a) In current accounts	15,861	76,241
b) In other deposit accounts	75	75
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	-
	15,936	76,316
II Outside India		
i) In current accounts	1,084,915	2,079,238
ii) Deposit accounts	-	-
iii) Money at call and short notice	-	-
	1,084,915	2,079,238
TOTAL	1,100,851	2,155,554
SCHEDULE 8 - INVESTMENTS		
I Investments in India		
i) Government Securities (Refer Schedule 18-2.2)	46,463,221	54,377,678
ii) Other Approved Securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	-	-
v) Subsidiaries and Joint Ventures	-	-
vi) Others	-	-
	46,463,221	54,377,678
II Investments outside India	-	-
TOTAL	46,463,221	54,377,678
Gross Investments	46,463,221	54,455,857
Less : Provision for dimunition in value	-	(78,179)
TOTAL	46,463,221	54,377,678
SCHEDULE 9 - ADVANCES		
A i) Bills purchased and discounted	15,993,770	22,085,288
ii) Cash credits, overdrafts and loans repayable on demand	42,014,526	52,408,787
iii) Term loans	53,499,109	36,857,584
TOTAL	111,507,405	111,351,659
B i) Secured by tangible assets *	58,824,470	55,653,364
ii) Covered by bank / government guarantees	391,239	1,582,004
iii) Unsecured	52,291,696	54,116,291
TOTAL	111,507,405	111,351,659

C I Advances in India		
i) Priority sector	42,425,582	53,670,421
ii) Public sector	-	75
iii) Banks	12,285	1,241,065
iv) Others	69,069,538	56,440,098
TOTAL	111,507,405	111,351,659
C II Advances Outside India	-	-
TOTAL	111,507,405	111,351,659

* Includes advances against book debts

SCHEDULE 10 - FIXED ASSETS		
I **Premises**		
At Book Value		
Beginning of the year	313,075	313,307
Additions during the year	-	-
Deductions during the year	-	(232)
	313,075	313,075
Depreciation to Date		
Beginning of the year	147,145	141,888
Additions during the year	5,122	5,389
Deductions during the year	-	(132)
	152,267	147,145
	160,808	165,930
II **Other fixed assets** (Refer Schedule 18-2.5 & 2.13) (including furniture & fixtures and software)		
At Book Value		
Beginning of the year	3,843,468	3,966,901
Additions during the year	221,481	184,912
Deductions during the year	(554,721)	(308,345)
	3,510,228	3,843,468
Depreciation to Date		
Beginning of the year	3,281,336	3,213,149
Additions during the year	299,533	363,759
Deductions during the year	(533,715)	(295,572)
	3,047,154	3,281,336
	463,074	562,132
TOTAL	623,882	728,062

SCHEDULE 11 - OTHER ASSETS		
I Inter-branch adjustments (net)	-	-
II Interest accrued	1,312,661	1,546,680
III Advance tax and tax deducted at source (net of provision for tax)	2,546,759	2,487,148
IV Stationery and stamps	-	-
V Non-banking assets acquired in satisfaction of claims	-	-
VI Deferred tax asset (Refer Schedule 18-2.9)	2,294,645	2,582,484
VII Others	14,374,733	19,228,213
TOTAL	20,528,798	25,844,525

SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts (including tax matters)	988,341	2,183,496
II Liability on account of outstanding derivative contracts (including Forward rate agreements, Interest rate swaps, Currency swaps and Options)	517,389,990	533,667,428
III Liability on account of outstanding foreign exchange contracts	657,689,866	582,751,652
IV Guarantees given on behalf of constituents		
i) In India	59,209,530	56,203,065
ii) Outside India	3,544,744	5,234,677
V Acceptances, endorsements and other obligations	6,455,413	11,066,532
VI Other items for which the Bank is contingently liable	3,801,782	768,461
TOTAL	1,249,079,666	1,191,875,311

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Year ended 31 March 2015 Rs.in 000's	Year ended 31 March 2014 Rs.in 000's
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	9,514,016	9,469,885
II Income on investments	3,963,825	6,331,060
III Interest on balances with the Reserve Bank of India and other inter bank funds	712,336	1,529,990
IV Others	116,300	106,970
TOTAL	14,306,477	17,437,905

SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	1,610,483	2,589,429
II Profit on sale of investments (net)	105,884	227,175
III Profit / (loss) on sale of land, buildings and other assets (net)	(4,860)	36,228
IV Profit on exchange transactions (net) (includes profit / (loss) on derivative transactions (net))	1,629,618	1,838,567
V Miscellaneous income (includes recovery from written off debts)	5,325	1,858,142
TOTAL	3,346,450	6,549,541

SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	5,693,607	6,565,955
II Interest on Reserve Bank of India / inter bank borrowings	1,101,104	1,286,778
III Others	-	-
TOTAL	6,794,711	7,852,733

SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provision for employees (Refer Schedule 18-2.1)	3,262,060	3,754,145
II Rents, taxes and lighting (Refer Schedule 18-2.6)	756,778	904,489
III Printing and stationery	52,695	62,904
IV Advertisement and publicity	42,736	126,109
V Depreciation on bank's property	304,655	369,148
VI Auditors' fees and expenses	8,900	12,714
VII Law charges	21,870	30,717
VIII Postage, telegrams and telephones	131,406	246,650
IX Repairs and maintenance	561,144	304,095
X Insurance	147,043	81,334
XI Head Office charges	116,262	247,992
XII Other expenditure (Refer Schedule 18-2.4)	2,474,965	3,177,708
TOTAL	7,880,514	9,318,005

Schedule 17

1. **Background**
The accompanying financial statements for the year ended 31 March 2015 comprise the Balance Sheet as at 31 March 2015, 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 Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements is the accrual method of accounting and historical cost convention (except where otherwise stated) and it confirms with Generally Accepted Accounting Principles in India ("Indian GAAP"), the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), in so far as they apply to banks and the guidelines issued by the Reserve Bank of India ("RBI").

3. **Use of estimates**
The preparation of the financial statements in conformity with the generally accepted accounting principles ('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.

Recognition and Classification

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 mentioned in the Export Credit Guarantee Corporation of India Limited. (ECGC) guidelines and provisioning is done for the respective countries (except Head Office and its Branches) if the net funded exposure is one percent or more of the Bank's total assets based on the rates laid down by the RBI.

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 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. Fees received on credit cards are recognised upfront in the year of issuance/ renewal.

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 Eur 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 read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Provisions are created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provision for reward points are determined based on past redemption pattern and periodically reassessed and adjusted based on changes in redemption behaviour. Provisions are utilised when the customer actually redeems the points or when they lose their eligibility to utilise the points.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. Such assets are assessed continually and recognised in the period in which it is virtually certain that the inflow of economic benefits will arise.

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". In assessing "value in use", the estimated future cash flows are discounted to their present value at the weighted average cost of capital. 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).

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:

(Rs. in 000's)

Particulars	31 March 2015	31 March 2014
Common Equity Tier I Capital Ratio (%)	10.76%	11.54%
Tier I Capital Ratio (%)	11.26%	11.94%
Tier II Capital Ratio (%)	2.97%	3.38%
Total Capital Ratio (CRAR) (%)	**14.23%**	**15.31%**
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 :		
PNCPS	Nil	Nil
PDI	Nil	Nil
Amount of Tier 2 capital raised of which :		
Debt capital instrument	Nil	Nil
Preference share capital instrument	Nil	Nil

1.2. Business ratios/information

The details relating to business ratios are given below

Particulars	31 March 2015	31 March 2014
i) Interest income as percentage of working funds	7.26%	8.20%
ii) Non-interest income as percentage of working funds	1.70%	3.08%
iii) Operating profits as percentage of working funds	1.51%	3.20%
iv) Return on assets (%)	0.59%	1.67%
v) Business (deposits plus advances) per employee (Rs.000s)	313,540	288,734
vi) Net Profit per employee (Rs.000s)	1,711	4,514

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 known and tested 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, 2015, total collateral value held by the Bank was Rs.37,492 thousand. The corresponding value for 31 March, 2014 was Rs. 31,433 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 2015 is set out below:

Forward Rate Agreements *(Rs. in 000's)*

		31 March 2015		31 March 2014	
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 *(Rs. in 000's)*

		31 March 2015	31 March 2014
Sr. No	**Particulars**	**Amount**	**Amount**
I	Notional Principal	451,034,860	454,025,657
II	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements.	2,960,817	5,695,520
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 79% Others 21%	Banks 91% Others 9%
V	The fair value of the swap [asset/(liability)].	1,106,512	2,611,268

Cross Currency Swaps *(Rs. in 000's)*

		31 March 2015	31 March 2014
Sr. No	**Particulars**	**Amount**	**Amount**
I	Notional Principal	66,355,130	67,115,292
II	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements.	993,350	1,129,805
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 37% Others 63%	Banks 49% Others 51%
V	The fair value of the swap [asset/(liability)].	(8,279,199)	(6,996,534)

Exchange Traded Interest Rate Derivatives

Sr. No.	Particulars	31 March 2015	31 March 2014
(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 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.

Year ended 31 March 2014 *(Rs. in 000's)*

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
1	**Derivatives (Notional Principal Amount)**		
	a) For hedging	Nil	9,150,000
	b) For trading	79,641,771	454,025,657
2	**Marked to Market Positions**		
	a) Asset (+)	1,264,729	5,695,520
	b) Liability (-)	(8,681,301)	(3,084,253)
3	**Credit Exposure**	8,174,315	10,123,975
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March 2014)**		
	a) on hedging derivatives	Nil	246,319
	b) on trading derivatives	(208,773)	403,641
5	**Maximum and Minimum of 100*PV01 observed during the year**		
	a) On hedging		
	I) Maximum	Nil	327,596
	II) Minimum	Nil	246,319
	b) On Trading		
	I) Maximum	(208,773)	455,596
	II) Minimum	(341,653)	403,641

Investments

(Rs. in 000's)

				Year Ended	31 March 2015	31 March 2014
(1)	Value of Investments					
	(i)	Gross Value of Investments				
		(a)	In India		46,463,221	54,455,857
		(b)	Outside India		Nil	Nil
	(ii)	Provision for Depreciation				
		(a)	In India		Nil	(78,179)
		(b)	Outside India		Nil	Nil
	(iii)	Net Value of Investments				
		(a)	In India		46,463,221	54,377,678
		(b)	Outside India		Nil	Nil
(2)	Movement of provisions held towards diminution in value of investments					
	(i)	Opening balance			78,179	17,924
	(ii)	Add: Provisions made during the year (including provision made on inter-bank repo outstanding at the end of the year)			Nil	78,179
	(iii)	Less: Write-off/write-back of excess provisions during the year			(78,179)	(17,924)
	(iv)	Closing balance			Nil	78,179

1.5. 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

Disclosures in respect of repo transactions

Year ended 31 March 2014 *(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 2014
Securities sold under repos				
i. Government securities	600,000	23,800,000	5,107,674	1,000,000
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repos				
i. Government securities	925,600	5,880,000	87,849	1,800,000
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

1.6. Movement in NPAs

(Rs. in 000's)

		Year ended	31 March 2015	31 March 2014
(i)		Net NPAs to Net Advances (%)	0.05%	-0.05%
(ii)		Movement of NPAs (Gross)		
	(a)	Opening balance	1,135,912	2,795,950
	(b)	Additions during the year	71,299	159,567
	(c)	Reductions during the year	(385,865)	(1,819,605)
	(d)	Closing balance	821,346	1,135,912
(iii)		Movement of Net NPAs		
	(a)	Opening balance	(57,431)	365,153
	(b)	Additions during the year	46,319	149,018
	(c)	Reductions during the year	70,398	(571,602)
	(d)	Closing balance	59,286	(57,431)
(iv)		Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a)	Opening balance	1,193,343	2,430,797
	(b)	Provisions made during the year	24,980	10,549
	(c)	Write-off/write-back of excess provisions	(456,263)	(1,248,003)
	(d)	Closing balance	762,060	1,193,343

1.7. Provision Coverage Ratio

In accordance with RBI circulars dated 1 December 2009 and 21 April 2011 the Bank's Provision Coverage Ratio as at 31 March 2015 is 92.78% (previous year 98.75%).

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

(Rs. in 000's)

Particulars	31 March 2015	31 March 2014
No. of accounts	Nil	2,520
Aggregate Value (net of provision) of the accounts sold to Restructuring company	Nil	37,512
Aggregate Consideration	Nil	33,140
Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
Aggregate gain over the net book value	Nil	(4,372)

Note: Does not include sale of assets which are charged off in the books of accounts

1.9. Details of Non performing financial assets purchased/sold

Details of non performing assets sold during the year is as below *(Rs. in 000's)*

Particulars	31 March 2015	31 March 2014
Numbers of accounts sold	Nil	219
Aggregate Outstanding*	Nil	269,457
Aggregate consideration received	Nil	209,748

*Aggregate outstanding reflects gross book value of NPA

1.10. Maturity pattern

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**

Maturity pattern for assets and liabilities as at 31 March 2014 *(Rs. in 000s)*

Particulars	Deposit	Advances	Investment	Borrowings	FCY Assets	FCY Liabilities
Upto 1 day	2,588,133	6,503,780	Nil	5,186,823	5,515,304	5,632,892
2 to 7 days	18,099,395	12,745,089	Nil	1,000,000	7,377,909	704,782
8 to 14 days	7,957,929	4,803,570	Nil	Nil	4,400,136	462,269
15 to 28 days	7,637,251	9,804,627	783,912	Nil	6,748,893	76,059
29 days to 3 months	19,883,650	44,383,974	6,226,755	Nil	8,546,898	3,680,738
Over 3 months & up to 6 months	5,797,604	11,402,878	Nil	Nil	4,542,790	1,929,200
Over 6 months & up to 1 year	4,491,006	7,240,937	5,048,793	Nil	80,302	380,131
Over 1 Year & up to 3 Years	49,521,014	14,336,267	16,837,983	3,082,986	15,399,654	17,392,114
Over 3 Year & up to 5 Years	280,505	68,273	23,444,573	11,813,613	Nil	11,818,484
Over 5 Years	Nil	62,264	2,035,662	Nil	575,416	Nil
Total	**116,256,487**	**111,351,659**	**54,377,678**	**21,083,422**	**53,187,302**	**42,076,669**

Notes:

1. In accordance with the RBI guidelines, Management has made certain assumptions in respect of behavioral 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 actual maturity, except for HFT portfolio where securities with actual maturity over 90 days have been classified under 29 days to 3 months buckets.
4. Advances have been classified in their respective maturities, except for cash credit and overdraft accounts, which have been classified as per their volatility.
5. Deposits have been classified in their respective 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 2015	31 March 2014
a) Direct exposure	27,622	70,907
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	116	886
- Of which individual housing loans up to Rs.15 lakhs	116	886
(ii) Commercial Real Estate	27,506	70,021
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect exposure	74,620	343,769
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	74,620	343,769
Total Exposure to Real Estate Sector	**102,242**	**414,676**

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

Category	31 March 2015	31 March 2014
(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;	173	171
(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	**513**	**511**
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 2015	31 March 2014
Provisions on standard assets	2,087,301	1,863,935

The provisions on standard assets held by the Bank over and above required as at 31 March 2015 have not been reversed in accordance with the RBI guidelines. The above includes provision on Unhedged Foreign Currency Exposure (UFCE) of Rs 223,366 thousands.

1.13. Issuer composition of Non SLR investments

The bank does not have any Non SLR investments as at 31 Mar 2015 (Previous Year – Nil).

1.14. Non-performing Non-SLR investments

There are no non-performing non-SLR investments as at 31 March 2015 (Previous year – Nil).

1.15. Particulars of Accounts Restructured
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	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 2014	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)	-	-
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) Downgradations to restructured category during the FY	No of Borrowers	-	-	-	-	-	(1)	-	1	-	-	(1)	-	1	-	-
	Amount Outstanding	-	-	-	-	-	(8)	-	8	-	-	(8)	-	8	-	-
	Provision thereon	-	-	-	-	-	(8)	-	8	-	-	(8)	-	8	-	-
6) Write-Offs of the restructured accounts during the FY	No of Borrowers	-	-	-	-	-	(1)	(19)	(17)	-	(37)	(1)	(19)	(17)	-	(37)
	Amount Outstanding	-	-	-	-	-	(39)	(796)	(892)	-	(1,727)	(39)	(796)	(892)	-	(1,727)
	Provision thereon	-	-	-	-	-	(3)	(522)	(892)	-	(1,417)	(3)	(522)	(892)	-	(1,417)
7) Recoveries from Restructured accounts	No of Borrowers	-	-	-	-	-	(33)	(9)	(12)	-	(54)	(33)	(9)	(12)	-	(54)
	Amount Outstanding	-	-	-	-	-	(1,289)	(152)	(17,989)	-	(19,430)	(1,289)	(152)	(17,989)	-	(19,430)
	Provision thereon	-	-	-	-	-	(113)	(83)	(17,989)	-	(18,185)	(113)	(83)	(17,989)	-	(18,185)
8) Restructured A/C - Closing balance as at 31 March 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

Amounts less than thousands
There are no restructured cases under the SME Debt Restructuring Mechanism during the year (Previous Year – Nil).

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

Disclosure of Restructured Accounts as at 31 March 2014
(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																
1) Restructured A/C – Opening balance @ 01-Apr 13	No of Borrowers	-	-	2	-	2	136	104	146	-	386	136	104	148	-	388
	Amount Outstanding	-	-	35,700	-	35,700	11,295	4,836	504,533	-	520,664	11,295	4,836	540,233	-	556,364
	Provision thereon	-	-	35,700	-	35,700	311	3,565	504,485	-	508,361	311	3,565	540,185	-	544,061
2) Fresh restructuring during the year	No of Borrowers	-	-	-	-	-	-	2	1	-	3	-	2	1	-	3
	Amount Outstanding	-	-	-	-	-	-	26	0	-	26	-	26	0	-	26
	Provision thereon	-	-	-	-	-	-	18	0	-	18	-	18	0	-	18
3) Upgradation to restructured category during the FY	No of Borrowers	-	-	-	-	-	5	-	(5)	-	-	5	-	(5)	-	-
	Amount Outstanding	-	-	-	-	-	89	-	(89)	-	-	89	-	(89)	-	-
	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) Downgradations to restructured category during the FY	No of Borrowers	-	-	-	-	-	(28)	24	4	-	-	(28)	24	4	-	-
	Amount Outstanding	-	-	-	-	-	(948)	656	292	-	-	(948)	656	292	-	-
	Provision thereon	-	-	-	-	-	(600)	308	292	-	-	(600)	308	292	-	-
6) Write-Offs of the restructured accounts during the FY	No of Borrowers	-	-	(2)	-	(2)	(16)	(96)	(99)	-	(211)	(16)	(96)	(101)	-	(213)
	Amount Outstanding	-	-	(35,700)	-	(35,700)	(644)	(3,772)	(5,072)	-	(9,488)	(644)	(3,772)	(40,772)	-	(45,188)
	Provision thereon	-	-	(35,700)	-	(35,700)	(18)	(3,031)	(5,037)	-	(8,086)	(18)	(3,031)	(40,737)	-	(43,786)
7) Recoveries of the restructured accounts during the FY	No of Borrowers	-	-	-	-	-	(61)	(4)	(15)	-	(80)	(61)	(4)	(15)	-	(80)
	Amount Outstanding	-	-	-	-	-	(8,482)	(772)	(2,580)	-	(11,834)	(8,482)	(772)	(2,580)	-	(11,834)
	Provision there on	-	-	-	-	-	307	(242)	(2,656)	-	(2,591)	307	(242)	(2,656)	-	(2,591)
8) Restructured A/C – Closing balance as at 31 March 2014	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 there on	-	-	-	-	-	111	618	497,084	-	497,813	111	618	497,084	-	497,813

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 2015, 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 limits can be enhanced by a further 5% and 10% respectively.

During the year ended 31 March 2015 , GBL limit was enhanced from 50% to 55% for Vodafone India Group with prior MTCo approval and the exposure to the Group was well within the enhanced thresholds.

During the year ended 31 March 2015, the Banks' Credit Exposure to all Single borrowers was within the prudential exposure limits prescribed by RBI.

During the year ended 31 March 2014 the Bank's credit exposure to all Group borrowers was within the prudential exposure limits prescribed by RBI.

Single borrower limit was enhanced with prior MTCo approval for three companies, as below.

- 15% to 20% for Reliance Industries Ltd and Bharat Heavy Electricals Ltd.
- 20% to 25% for Vodafone India Ltd as applicable for an Infrastructure company

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

1.18. Country Risk

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. As at 31 March 2015, the Bank's exposure to any individual country did not exceed 1% of the total funded assets of the Bank. *(Rs.in 000's)*

	31 March 2015		31 March 2014	
Risk Category	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	Nil	Nil	Nil	Nil
Low	4,744,135	Nil	39,990	Nil
Moderately Low	32,212,143	Nil	100,720	Nil
Medium	1,468,446	Nil	716,990	Nil
High	8,865	Nil	7,160	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	**38,433,589**	**Nil**	**864,860**	**Nil**

As at 31 March 2015, 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 2015	31 March 2014
Provision towards NPA's *(net of write backs)**	(431,283)	(1,237,454)
Provision towards standard assets	223,366	Nil
Debts written off	337,896	1,372,934
Income Tax	1,466,381	2,234,173
Deferred Tax	287,839	834,758
Provisions/ (Write backs) for depreciation on Investments	(78,179)	60,255
Provisions/ (Write backs) on Restructured Standard Advances	(111)	(200)
Total	**1,805,909**	**3,264,466**
* Includes write back of excess provision of Rs. 71,614 thousands on sale of NPA in prior years (Previous Year - Nil)		

1.20. Disclosure of Complaints/Unimplemented Awards of Banking Ombudsman

Customer complaints

	Particulars	31 March 2015	31 March 2014
(a)	No. of Complaints pending at the beginning of the year	211	177
(b)	No. of Complaints received during the year	5,649	5,601
(c)	No. of Complaints redressed during the year	5,333	5,567
(d)	No. of Complaints pending at the end of the year	527	211

Awards passed by the Banking Ombudsman

	Particulars	31 March 2015	31 March 2014
(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 2015	31 March 2014
Opening Balance of amount transferred to DEAF	Nil	Nil
Amount transferred during the year	248,327	Nil
Amount reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	**248,327**	**Nil**

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 every quarter and the potential loss which the clients could face owing to foreign currency fluctuation is computed. Suitable incremental provisions are then computed in line with the RBI guidelines.

Provision held for UFCE as at 31 March 2015 is Rs 223,366 thousands. Incremental capital held by the Bank for UFCE as at 31 March 2015 is 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). India ALCO comprises of senior management of the Bank and meets periodically. The Committee oversees funding and liquidity position of the Bank and provides guidance and oversight. The Committee 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 has been submitting LCR reports to RBI from January 2015.

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 Bank 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 and derivative cash flows.

Liquidity requirement 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 the Banks operations are conducted in INR currency. The Bank also monitors the LCR in US Dollar currency and Japanese Yen currency, which qualify as significant currencies for monitoring LCR as per RBI guidelines.

Based on the above, monthly average LCR (all currency) of the Bank for the three months ended 31 March 2015 was 106.29% against the regulatory minimum of 60%.

The average LCR above is based on monthly submission made to the RBI.

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

(Rs. in 000's)

	Liquidity Coverage Ratio	Average of month end position during the quarter ended March 31, 2015	
		Total Unweighted Value	Total weighted Value
		31 March 2015	31 March 2015
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)	29,828,469	29,828,469
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:		
(i)	Stable deposits		
(ii)	Less stable deposits	38,673,192	3,867,319
3	Unsecured wholesale funding, of which :		
(i)	Operational deposits (all counterparties)	12,946,337	3,236,584
(ii)	Non-operational deposits (all counterparties)	64,709,212	35,610,673
(iii)	Unsecured debt	Nil	Nil
4	Secured wholesale funding	Nil	Nil
5	Additional requirements, of which	Nil	Nil
(i)	Outflows related to derivative exposures and other collateral requirements -	6,302,397	6,302,397
(ii)	Outflows related to loss of funding on debt products	Nil	Nil
(iii)	Credit and liquidity facilities	195,386,915	13,987,632
6	Other contractual funding obligations	Nil	Nil
7	Other contingent funding obligations	Nil	Nil
8	Total Cash Outflows	318,018,053	63,004,605
Cash Inflows			
9	Secured lending (e.g. reverse repos)	7,484,965	7,484,965
10	Inflows from fully performing exposures	34,497,499	17,248,750
11	Other cash inflows	10,473,966	10,207,562
12	Total Cash Inflows	52,456,430	34,941,277
13	Total HQLA		29,828,469
14	Total Net Cash Outflows		28,063,329
15	**Liquidity Coverage Ratio (%)**		**106.29%**

In computing the above information, certain estimates have been made by the Bank's management which have been relied upon by the auditors.

1.27. Concentration of Deposits

(Rs. in 000's)

Particulars	31 March 2015	31 March 2014
Total Deposits of twenty largest depositors	39,813,247	44,989,427
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	38%	39%

1.28. Concentration of Advances

(Rs. in 000's)

Particulars	31 March 2015	31 March 2014
Total Advances to twenty largest borrowers	79,472,540	80,023,748
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	23%	29%

1.29. Concentration of Exposures

(Rs. in 000's)

Particulars	31 March 2015	31 March 2014
Total Exposure to twenty largest borrowers/ customers	79,472,540	80,023,748
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/ customers	23%	29%

1.30. Concentration of NPAs

(Rs. in 000's)

Particulars	31 March 2015	31 March 2014
Total Exposure to top four NPA* accounts	725,526	851,053

* Represents Gross NPA

1.31. Sectorwise advances

(Rs in 000's)

Sl No	Sector	31 March 2015			31 March 2014		
		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	41,885,146	78,817	0.19%	53,426,934	21,510	0.04%
3	Services	560,423	Nil	Nil	139,102	4,199	3.02%
4	Personal Loans	116	Nil	Nil	981	95	9.66%
	Sub-total (A)	**42,445,685**	**78,817**	**0.19%**	**53,567,017**	**25,804**	**0.05%**
B	**Non Priority Sector**						
1	Agriculture & Allied activities	1,012,068	Nil	Nil	1,148,675	Nil	Nil
2	Industries	42,830,458	669,152	1.56%	35,620,326	1,011,068	2.84%
3	Services	25,851,173	72,585	0.28%	22,051,573	95,232	0.43%
4	Personal Loans	130,080	792	0.61%	157,411	3,808	2.42%
	Sub-total (B)	**69,823,779**	**742,529**	**1.06%**	**58,977,985**	**1,110,108**	**1.88%**
	Total (A+B)	**112,269,465**	**821,346**	**0.73%**	**112,545,002**	**1,135,912**	**1.01%**

1.32. Movement of NPAs

(Rs. in 000's)

Particulars	31 March 2015	31 March 2014
Gross NPAs as on 1st April of particular year (Opening Balance)	1,135,912	2,795,950
Additions (Fresh NPAs) during the year	71,299	159,567
Sub-total (A)	**1,207,211**	**2,955,517**
(i) Upgradations	480	1,720
(ii) Recoveries (excluding recoveries made from upgraded accounts)	47,489	444,951
(iii) Write-offs	337,896	1,372,934
Sub-total (B)	**385,865**	**1,819,605**
Gross NPAs as on 31st March of following year (closing balance) (A-B)	**821,346**	**1,135,912**

1.33. Intra Group Exposure

The following table sets forth the details of intra group exposure *(Rs in 000's)*

Particulars	31 March 2015	31 March 2014
Total amount of intra-group exposures	2,414,156	5,212,106
Total amount of top 20 intra-group exposures	2,414,156	5,212,106
Percentage of intra-group exposure to total exposures of the Bank on borrowers/ customers	0.71%	1.49%
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	31 March 2015	31 March 2014
Total Assets	1,410,701	2,306,608
Total NPAs	Nil	Nil
Total Revenue	478,020	338,348

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 2015 was Rs. 391,239 thousand as against Rs.1,582,004 thousand for 31 March 2014.

1.37. Bancassurance business

The Fees/Remuneration received in respect of bancassurance business undertaken during the year is Rs.5,941 thousand towards life insurance business (Previous year: Rs. 6,068 thousand), Rs 11 thousand towards Non Life Insurance (Previous Year: Rs 134 thousand) and Rs. 241,396 thousand towards mutual fund business (Previous year: Rs. 211,252 thousand). This income has been reflected under Schedule 14 (I).

2. Other disclosures

2.1. Employee Benefits

Provident Fund

The Bank has recognised Rs. 43,374 thousand (Previous year Rs. 53,601 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)

Particulars	Gratuity		Pension	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Current service cost	2.46	2.35	4.16	5.58
Interest cost on benefit obligation	1.25	1.20	21.60	21.34
Expected return on plan assets	(1.09)	(1.40)	(3.99)	(5.35)
Net actuarial (gain)/loss recognised in the year	1.04	5.37	52.13	(24.48)
Past Service Cost	Nil	Nil	Nil	Nil
Settlement Cost	Nil	Nil	Nil	Nil
Net (benefit)/expense	**3.66**	**7.52**	**73.90**	**(2.91)**

Balance Sheet

Details of Provision for Gratuity and Pension

(Rs. in crores)

Particulars	Gratuity		Pension	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Present value of defined benefit obligation	16.67	15.96	305.72	243.26
Fair value of plan assets	13.10	15.73	50.88	55.42
Unrecognised Past Service Cost	Nil	Nil	Nil	Nil
Net Asset/(Liability)	**(3.57)**	**(0.23)**	**(254.84)**	**(187.84)**

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

(Rs .in crores)

Particulars	Gratuity		Pension	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Opening defined benefit obligation	15.96	22.58	243.26	276.70
Acquisitions	(0.09)	(0.17)	(0.95)	(0.12)
Interest cost	1.25	1.20	21.60	21.34
Settlement Cost	Nil	Nil	Nil	Nil
Plans Amendment Cost/ (Credit)	Nil	Nil	Nil	Nil
Current service cost	2.46	2.35	4.16	5.58
Prior Period Cost	Nil	Nil	Nil	Nil
Benefits paid	(4.43)	(14.67)	(17.01)	(33.06)
Actuarial (gains)/losses on obligation	1.52	4.67	54.66	(27.18)
Closing defined benefit obligation	**16.67**	**15.96**	**305.72**	**243.26**

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

Particulars	Gratuity		Pension	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Opening fair value of plan assets	15.73	19.90	55.42	80.86
Acquisitions	Nil	Nil	Nil	Nil
Expected return	1.09	1.40	3.99	5.35
Contributions by employer	0.23	9.34	5.12	4.22
Benefits paid	(4.43)	(14.21)	(16.18)	(32.31)
Actuarial gains/(losses)	0.48	(0.70)	2.53	(2.70)
Closing fair value of plan assets	**13.10**	**15.73**	**50.88**	**55.42**

Principal actuarial assumptions at the Balance Sheet date:

Particulars	Gratuity		Pension	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Discount Rate	7.80%p.a	9.10% p.a.	7.80% p.a	9.20% 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.
Employee Turnover	15.00%p.a	15.00% p.a.	10.00%p.a	10.00% p.a.
Mortality Rate	LIC (1996-98) Ultimate			

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

Gratuity					
Particulars	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined Benefit Obligation	(16.67)	(15.96)	(22.58)	(20.92)	(19.40)
Plan Assets	13.10	15.73	19.90	17.64	11.46
Funded Status	(3.57)	(0.23)	(2.68)	(3.28)	(7.94)
Gain/(Loss) Adjustments on Plan Liabilities	(0.57)	(6.12)	(1.01)	(1.37)	(5.40)
Gain/(Loss) Adjustments on Plan Assets	0.48	(0.70)	0.24	0.58	(0.05)
Gain/(Loss) due to changes in assumptions	(0.95)	1.45	(0.50)	0.47	0.39

(Rs. in crores)

Pension					
Particulars	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined Benefit Obligation	(305.72)	(243.26)	(276.70)	(335.04)	(353.48)
Plan Assets	50.88	55.42	80.86	81.12	78.31
Funded Status	(254.84)	(187.84)	(195.84)	(253.92)	(275.17)
Gain/(Loss) Adjustments on Plan Liabilities	6.87	(6.09)	(0.59)	22.56	9.49
Gain/(Loss) Adjustments on Plan Assets	2.53	(2.70)	2.39	1.91	2.80
Gain/(Loss) due to changes in assumptions	(61.53)	33.27	(24.39)	22.21	(11.73)

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

	Pension		Gratuity	
Particulars	2015	2014	2015	2014
Expected Contribution	8.25	2.09	3.57	0.23

Investment Pattern is as follows:

Particulars	Gratuity		Pension	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	Percentage		Percentage	
Government of India Securities (Central and State)	63.32	35.38	44.36	33.68
Corporate Bonds (including Public Sector Bonds)	25.04	34.86	43.14	56.39
Cash (including Deposits)	11.64	29.76	12.50	9.93
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 '000s)

Particulars	31 March 2015	31 March 2014
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	2,392,000	1,040,000
Held with RBI for requirements u/s 11(2)(b) of Banking Regulation Act, 1949	8,050,000	7,150,000
Held with Clearing Corporation of India Limited (CCIL)	4,983,600	1,600,000

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 2015	31 March 2014
Outsourced costs	1,372,144	909,087

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

	Particulars	31 March 2015	31 March 2014
1	**Assets acquired under finance lease-Vehicles (included under Schedule 10 II – Other Fixed Assets) as at the year end:**		
	Gross value	6,179	7,950
	Net carrying amount	Nil	58
2	**Total minimum lease payments as at the year end:**		
	Not later than one year	934	1,984
	Later than one year but not later than five years	Nil	725
3	**Total present value as at the year end:**		
	Not later than one year	730	1,784
	Later than one year but not later than five years	Nil	487

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 2015	31 March 2014
1	**Total future minimum lease payments as at year end:**		
	Not later than one year	336,951	473,930
	Later than one year but not later than five years	457,659	610,968
	Later than five years	8,769	6,296
2	**Lease payments recognised in the Profit and Loss Account under Rents, taxes and lighting in Schedule 16.**	781,753	935,397

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 four segments: Treasury, Corporate/Wholesale Banking, Retail Banking and Unallocated segment. 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, 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.
Unallocated	Support Divisions costs

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

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 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**

Segment results for 31 March 2014 are set out below: *(Rs. in 000's)*

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Unallocated	Total
Revenue	15,869,615	5,397,643	12,667,405		**33,934,663**
Less: Inter Segment Revenue					**9,947,217**
Revenue net of Inter segment					**23,987,446**
Operating Profit	2,490,643	1,454,459	5,835,821	(3,159,749)	**6,621,174**
Taxes				(3,068,931)	**(3,068,931)**
Net Profit/(Loss)					**3,552,243**
Segment Assets	84,328,836	756,236	111,614,811	6,962,975	**203,662,858**
Segment Liabilities	110,823,693	33,799,302	22,100,511	36,939,352	**203,662,858**
Capital expenditure during the year				184,912	**184,912**
Depreciation on fixed assets during the year				369,148	**369,148**

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.

Previous Year segment has been redrawn to comply with current year estimates and assumptions.

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 read with Rule 7 of the Companies (Accounts) Rules, 2014 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 Business Services Private Limited RBS Global Trade Services Private Limited 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 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, except where there is only one related party at any one point in time (i.e., key management personnel):

Relationship and Nature of Transactions	Maximum outstanding during the year ended 31 March 2015	As at 31 March 2015	Maximum outstanding during the year ended 31 March 2014	As at 31 March 2014
Parent/Head Office and branches of Head Office				
Deposits	*	1,679,163	*	227,164
Balance due from Banks outside India	*	1,013,872	*	1,547,674
Balance due to Banks outside India	*	4,141,681	*	5,186,823
Money Market Borrowings	5,312,500	2,187,500	22,168,550	Nil
Foreign exchange deals (Notional)	*	103,714,185	*	103,863,215
Derivative transactions (Notional)	*	140,311,992	*	78,505,075
Subordinated Debt	Nil	Nil	3,944,814	Nil
Innovative perpetual debt	4,256,528	4,256,528	4,741,179	4,741,179
Hybrid Capital	9,117,314	9,117,314	10,155,420	10,155,420
Non - funded commitments	*	34,430,554	*	37,011,853
Other receivables	*	325,786	*	224,542
Other payables	*	488,178	*	1,908,772
Subsidiaries of Parent (Head Office) and entities under common control				
Advances	*	Nil	*	23,798
Balance due from Banks outside India	*	27,818	*	295,265
Deposits	16,278,087	15,872,512	13,885,852	12,383,070
Non - funded commitments	*	392,889	*	400,672
Foreign exchange deals (Notional)	*	778,449	*	684,102
Other receivables	*	41,113	*	10,172
Other payables	*	390,249	*	407,500

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

Profit and Loss Account	31 March 2015	31 March 2014
Parent/Head Office and branches of Head Office		
Expenses incurred	479,846	952,158
Other Income	473,854	68,084
Interest expense	535,431	1,337,301
Interest income	868	3,485
Subsidiaries of Parent (Head Office) and entities under common control		
Secondment revenue and other costs recovered	38,058	38,014
Expenses recovered	35,320	199,775
Services rendered	2,422	3,712
Services received	978,371	1,415,048
Interest income	1,029	97,435
Interest expense **	989,314	927,460
Fee/commission income	1,472	7,851

** 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 read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 2015	31 March 2014
Deferred tax asset		
Loan loss provisions	876,494	1,058,503
Depreciation on fixed assets and assets on lease	250,739	250,739
Provision for Employee Benefits	954,052	954,052
Others	239,470	345,300
Deferred tax liability		
Special reserve created for loan for residential housing purposes	26,110	26,110
Net deferred tax asset	**2,294,645**	**2,582,484**

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 read with Rule 7 of the Companies (Accounts) Rules, 2014., Given below are movements in provision for credit card reward points and a brief description of the nature of contingent liabilities recognised by the Bank.

Movement in provision for credit card reward points

The Credit Cards reward point liability is Nil as at 31 March 2015 as the Bank had sold its Credit Cards portfolio in financial year ended 31 March 14. In the earlier years, provision for reward points was determined based on past redemption pattern, periodically reassessed and adjusted based on changes in redemption behaviour. Provisions were utilised when the customer actually redeemed the points or when they lost their eligibility to utilise the points.

Particulars	31 March 2015	31 March 2014
Opening provision for reward points	Nil	220,360
Provision for reward points made during the year	Nil	23,856
Utilisation/Write back of provision for reward points	Nil	(244,216)
Closing Provision for reward points	Nil	Nil

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 include 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

Sale of Diamond & Jewellery business

Subsequent to the year end, as part of a strategic business decision, the Bank has entered into an agreement to sell its Diamond and Jewellery business on a going concern basis comprising of loans aggregating approximately to Rs. 4,200 crores and deposit aggregating approximately to Rs. 300 crores as at the year end.

The transaction will be recorded in financial year 2015-16 in accordance with accounting principles generally accepted in India read with RBI guidelines.

Restructuring of CIB Business

Based on the global internal restructuring announcements made by The Royal Bank of Scotland Group Plc, the Management of the Bank is currently evaluating options to implement the global restructuring strategy. 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 31 March 2015	As at 31 March 2014
At Book Value		
Beginning of the year	776,157	725,065
Additions during the year	71,313	51,092
Deductions during the year	Nil	Nil
Total	**847,470**	**776,157**
Depreciation		
Beginning of the year	734,228	682,744
Additions during the year	47,914	51,484
Deductions during the year	Nil	Nil
Total	**782,142**	**734,228**
Net Book Value	**65,328**	**41,929**

2.14. During the year, the Bank has appropriated Rs. 33,269 thousand (previous year Rs. 7,628 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 RBI guidelines.

2.15. During the year the Bank has not transferred and sold securities classified under the Held to Maturity ("HTM") category in excess of 5% of the book-value of investments held under the HTM category as at the beginning of the year. In accordance with the Master Circular issued by the RBI on "Disclosure in Financial Statements", the excess of book value over the market value of the securities classified under the HTM category at the end of the current year is Nil (previous year Rs. 258,192).

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 the Section 135 of the Companies Act, 2013 the Bank is required to contribute Rs. 1,28,663 thousand. The Bank has contributed entire amount to the Prime Minister's National Relief Fund in the current financial year .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

Brijesh Mehra	**Jaykumar Shah**
Country Executive - India	**Chief Financial Officer - India**
Mumbai, 29 June 2015	**Mumbai, 29 June 2015**

BASEL III – PILLAR 3 DISCLOSURES AS AT 31 MARCH 2015

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

(I) Pillar 1: Minimum capital requirements for credit risk, market risk and operational risk
(II) Pillar 2: Supervisory review of capital adequacy
(iii) Pillar 3: Market discipline

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

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

1. Scope of Application

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

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

2. Capital Structure

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

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

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

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

The Bank has not borrowed any debt capital from Head office in the period April 2014– March 2015.

3. Capital Adequacy

a. Capital Management

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

Organizational set-up
The capital management framework of The Bank is administered by the India Asset Liability Committee (ALCO) and the India Risk and Control Committee (RCC) under the supervision of the Executive Committee (MTCo).

Regulatory capital
The Bank is subject to the capital adequacy norms stipulated by the RBI guidelines on Basel III. The RBI guidelines on Basel III require The Bank to maintain a minimum ratio of total capital to risk weighted assets of 9.0%, with a minimum Tier-I capital adequacy ratio of 7% and Common equity capital adequacy ratio of 5.5%. The total capital adequacy ratio of the Bank at 31 March 2015 as per the RBI guidelines on Basel III is 14.23% with a Tier-I capital adequacy ratio of 11.26% and Common equity capital adequacy ratio of 10.76%. Under Pillar 1 of the RBI guidelines on Basel III, The Bank follows the Standardized Approach for credit risk, Standardized Duration method for market risk and Basic Indicator approach for operational risk.

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

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

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

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

b. Capital requirements for various risk areas

As required by RBI guidelines on Basel III, The Bank's capital requirements as at 31 March 2015 have been computed using the Standardized Approach for credit risk, Standardized Duration method for market risk and Basic Indicator approach for operational risk. The minimum total capital required to be held at 9.00% for credit, market and operational risks is given below:

DF-3: CAPITAL ADEQUACY *(Rs. In crore)*

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

Risk Management Framework:

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

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

Measurement of risks for capital adequacy purposes
Under Pillar 1 of the extant RBI guidelines on Basel III, The Bank currently follows the Standardized approach for credit risk and Standardized Duration approach for market risk and Basic Indicator approach for operational risk.

Objectives and Policies

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

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

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

Structure and Organization

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

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

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

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

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

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

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

India Level

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

Group Level

Committee	Responsibilities
Group Board	The Group Board is the principal decision making forum for the company. It has overall responsibility for leading and controlling the company and is accountable to shareholders for financial and operational performance. The Board approves Group strategy and monitors performance.
Group Audit Committee	The Group Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Group. The committee also reviews accounting and financial reporting and regulatory compliance and the Group's system of internal controls along with monitoring the Group's processes for internal audit, risk management and external audit.
Board Risk Committee	The Board Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group and future risk strategy, including determination of risk appetite and tolerance.
Group Performance and Remuneration Committee	The Group Performance and Remuneration Committee is responsible for the overview of the Group's remuneration policy and remuneration governance framework, ensuring that remuneration arrangements are consistent with and promote effective risk management. The committee also makes recommendations to the Board on the remuneration arrangements for the executive directors.

Committee	Responsibilities
Group Nominations Committee	The Group Nominations Committee is responsible for assisting the Board in the formal selection and appointment of directors having regard to the overall balance of skills, knowledge, experience and diversity on the Board. The committee also considers succession planning for the Chairman, Group Chief Executive and Non-executive Directors.
Group Sustainability Committee	The Group Sustainability Committee is responsible for overseeing and challenging how management is addressing sustainability and reputation issues relating to all stakeholder groups.
Executive Committee	The Executive Committee (ExCo) reports to Group CEO and is accountable to the Board. It meets bi-weekly and focuses on substantive business decisions cutting across issues of Group-wide significance.
Management Committee	The Management Committee (ManCo), comprising our major businesses and functional leaders, meets 3 - 4 times annually and is a vehicle for strategy and business performance review.
Risk & Control Committee	The Risk & Control Committee inter alia oversees the risk framework within The Bank, monitors the actual risk profile and advises the Managing Board. Its scope is credit, market, operational and regulatory risk within the Bank.
Asset & Liability Management Committee (ALCO)	The Managing Board has delegated to the ALCO the responsibility for the management of capital, liquidity, interest rate risk and foreign exchange risk. This includes, among other tasks, responsibility for reviewing, approving and allocating balance sheet, capital, liquidity and funding limits.
Disclosure Committee	The Disclosure Committee advises and assists the Managing Board in fulfilling its responsibilities for overseeing the accuracy and timelines of public disclosures made by the company. This inter alia includes reviewing and advising on the adequacy of the design and establishment of controls and other procedures, including procedures currently used by the Bank in this respect.

4. Credit Risk

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

Credit Risk Management Policy

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

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

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

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

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

All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Besides this there are monthly risk migration analysis and monthly watch list meetings.

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

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

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

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

Definition and classification of non-performing assets (NPAs)

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

The asset classification

Standard: less than overdue & up to a maximum of 90days from thereon
Substandard: Overdue from the 91st day up to maximum one year from there,
Doubtful1: Substandard + up to maximum one year from there
Doubtful2: Substandard + > 1 year but up to maximum 3 years from there
Doubtful3: Substandard + > 3 years
Loss: Substandard + > 3 years

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

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

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

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

An account is treated as 'out of order' if: the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days; or where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of the balance sheet; or credits in the account are not enough to cover the interest debited during the accounting period; or drawings have been permitted in the account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than three months old even though the unit may be working or the borrower's financial position is satisfactory; or 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 securitization transaction undertaken in terms of the RBI guidelines on securitization, the amount of liquidity facility remains outstanding for more than 90 days;

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

Restructured assets

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

DF – 4: Credit Risk Exposures

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure

(Rs in crore)

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

Industry distribution of exposures *(Rs in crore)*

Industry Classification	31-Mar-15		31-Mar-14	
	Funded	Non funded	Funded	Non funded
All Engineering	751	888	1,081	843
Basic Metal and Metal Products	129	9	86	99
Beverages (excluding Tea & Coffee) and Tobacco	467	28	-	203
Cement and Cement Products	-	2	-	-
Chemicals and Chemical Products (Dyes, Paints, etc.)	769	250	988	393
Construction	60	107	366	301
Food Processing	237	103	282	40
Gems and Jewellery	3,767	77	4,517	23
Glass & Glassware	-	60	-	
Infrastructure	777	1,648	555	1,276
Leather and Leather products	-	-	-	-
Mining and Quarrying	14	28	7	-
Other Industries	405	367	2,121	3,843

Paper and Paper Products	68	-	218	125
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	-
Residuary Other Advances	3,858	7217	62	-
Rubber, Plastic and their Products	10	98	88	34
Textiles	10	0	125	1
Vehicles, Vehicle Parts and Transport Equipments	482	160	619	92
Wood and Wood Products	-	-	-	-
Total	**11,804**	**11,042**	**11,115**	**7,273**

Residual Contractual Maturity breakdown of Assets as at 31 March 2015

(Rs. in crore)

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

Residual Contractual Maturity breakdown of Assets as at 31 March 2014

(Rs. In crore)

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

Movement of NPAs and Provision for NPAs *(Rs. in crore)*

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

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

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

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

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

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

6. Credit Risk Mitigation

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

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

DF – 6: Detail of total credit exposure position as on 31 March 2015

(Rs. in crore)

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

7. Securitization

DF – 7: Securitization

There were no securitization transactions entered during the year (Previous year - Nil).

8. Market Risk in Trading Book

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

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

Non-statistical measures such as position, gaps and sensitivities

Value at risk (VaR)

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

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

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

DF – 8: Capital Requirement for Market Risk

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

9. Operational Risk

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

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

Operational Risk – three lines of defense model

1st Line of Defence - Management & Supervision

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

First line responsibilities:

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

2nd Line of Defence - Oversight & Control

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

Second line responsibilities:

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

3rd Line of Defence - Internal Audit

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

Third line responsibilities:

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

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

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

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

The standards are supported by several key operational risk management techniques of which the Bank, India applies the following techniques:

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

   Escalation of individual events to senior management is determined by the seriousness of the event. Operational loss events are categorized under the following headings:

   Clients, products and business practices;
   Technology and infrastructure failures;
   Employment practices and workplace safety;
   Internal fraud;
   External fraud;
   Execution, delivery and process management;
   and Disaster and public safety
3. Risk Issues Management: This process ensures that operational risk issues are captured and classified consistently, and that there is robust governance over their closure and acceptance.
4. New products approval process: This process ensures that all new products or significant variations to existing products are subject to a comprehensive risk assessment. Products are evaluated and approved by specialist areas and are subject to executive approval prior to launch; and Scope and nature of reporting and measurement systems

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

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

Policies for mitigating risks

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

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

DF- 9: Approach for Operational Risk Capital Assessment

As per the RBI guidelines on Basel III, The Bank, India has adopted Basic Indicator approach for computing capital charge for operational risk. The capital required for operational risk at March 31, 2015 was Rs. 225 crores.

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

Interest Rate Risk in the Banking Book

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

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

Governance framework

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

Measurement

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

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

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

Earnings perspective: *(Rs. in crore)*

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

Economic value perspective:

(Rs. in crore)

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

11. General Disclosure for Exposures Related to Counterparty Credit Risk

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

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

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

Policies for securing collateral and establishing credit reserves

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

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

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

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

Collateral required in the event of a credit rating downgrade

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

(Rs. in crore)

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

12. Composition of Capital

Sr. No.	Particular	Amount *(Rs. In millions)*	Amounts Subject to Pre-Basel III Treatment	Ref No.
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,690		a
2	Retained earnings	26,024		b+c+d
3	Accumulated other comprehensive income (and other reserves)	0		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	0		
	Public sector capital injections grandfathered until 1 January 2018	0		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0		
6	Common Equity Tier 1 capital before regulatory adjustments	27,714		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0		
8	Goodwill (net of related tax liability)	0		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	0		
10	Deferred tax assets 2	1,416	944	e
11	Cash-flow hedge reserve	0		
12	Shortfall of provisions to expected losses	0		
13	Securitisation gain on sale	0		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0		
15	Defined-benefit pension fund net assets	0		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0		
17	Reciprocal cross-holdings in common equity	0		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where THE BANK, India	0		
	does not own more than 10% of the issued share capital(amount above 10% threshold)	0		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions(amount above 10% threshold)	0		
20	Mortgage servicing rights4 (amount above 10% threshold)	0		
21	Deferred tax assets arising from temporary differences5(amount above 10% threshold, net of related tax liability)	0		
22	Amount exceeding the 15% threshold6	0		

23	of which: significant investments in the common stock of financial entities	0		
24	of which: mortgage servicing rights	0		
25	of which: deferred tax assets arising from temporary differences	0		
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	0		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	0		
26b	of which: Investments in the equity capital of unconsolidated on-financial subsidiaries8	0		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0		
26d	of which: Unamortised pension funds expenditures	0		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	0		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	0		
	of which: [INSERT TYPE OF ADJUSTMENT]	0		
	of which: [INSERT TYPE OF ADJUSTMENT]	0		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0		
28	Total regulatory adjustments to Common equity Tier 1	1,416		
29	Common Equity Tier 1 capital (CET1)	26,298		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	2,171		f
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which: instruments issued by subsidiaries subject to phase out	-		
36	Additional Tier 1 capital before regulatory adjustments	2,171		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where THE BANK, India does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10	0		
41	National specific regulatory adjustments (41a+41b)	0		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with THE BANK, India	0		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	944		
	of which: DTA	944		e
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	0		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0		
43	Total regulatory adjustments to Additional Tier 1 capital	944		
44	Additional Tier 1 capital (AT1)	1,227		
44a	Additional Tier 1 capital reckoned for capital adequacy11	1,227		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	27,525		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0		
47	Directly issued capital instruments subject to phase out from Tier 2	5,010		e
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0		
49	of which: instruments issued by subsidiaries subject to phase out	0		
50	Provisions12	2,251		g+h
51	Tier 2 capital before regulatory adjustments	7,261		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0		
53	Reciprocal cross-holdings in Tier 2 instruments	0		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where THE BANK, India does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0		
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0		
56	National specific regulatory adjustments (56a+56b)	0		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with THE BANK, India	0		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	0		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	0		
	of which: [INSERT TYPE OF ADJUSTMENT	0		
57	Total regulatory adjustments to Tier 2 capital	0		
58	Tier 2 capital (T2)	7,261		
58a	Tier 2 capital reckoned for capital adequacy14	7,261		
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	7,261		
59	Total capital (TC = T1 + T2) (45 + 58c)	34,786		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	244,417		

	of which: [INSERT TYPE OF ADJUSTMENT]			
	Of which:			
60	Total risk weighted assets (60a + 60b + 60c)	244,417		
60a	of which: total credit risk weighted assets	190,345		
60b	of which: total market risk weighted assets	29,044		
60c	of which: total operational risk weighted assets	25,028		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.76%		
62	Tier 1 (as a percentage of risk weighted assets)	11.26%		
63	Total capital (as a percentage of risk weighted assets)	14.23%		
64	Institution specific buffer requirement (minimum CET1requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	0		
65	of which: capital conservation buffer requirement	0		
66	of which: bank specific countercyclical buffer requirement	0		
67	of which: G-SIB buffer requirement	0		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.60%		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	0		
73	Significant investments in the common stock of financial entities	0		
74	Mortgage servicing rights (net of related tax liability)	0		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2,251		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,379		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
	Capital instruments subject to phase-out arrangements (only applicable between 31 March , 2017 and 31 March, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		
82	Current cap on AT1 instruments subject to phase out arrangements	NA		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA		
84	Current cap on T2 instruments subject to phase out arrangements	NA		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA		

* NA - Not Applicable

Notes to the Template		
	Particular	*(Rs. in million)*
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	2,360
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	NA
	of which: Increase in Additional Tier 1 capital	NA
	of which: Increase in Tier 2 capital	NA
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	NA
	(ii) Increase in risk weighted assets	NA
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	0
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0
50	Eligible Provisions included in Tier 2 capital	2,251
	Eligible Revaluation Reserves included in Tier 2 capital	0
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0

15. Composition of Capital – Reconciliation Requirements

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

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

15. Main Features Template

1	Issuer	NA
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	
	Regulatory treatment	
4	Transitional Basel III rules	Tier II
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/group & solo	NA
7	Instrument type	HO - Borrowings
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	5,010
9	Par value of instrument	5,010
10	Accounting classification	Liability - Borrowings
11	Original date of issuance	31st March, 2008
12	Perpetual or dated	Dated
13	Original maturity date	31st March, 2023
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	31st March, 2018 , Loan Principal amount and Accrued Interest
16	Subsequent call dates, if applicable	31 March and/or 30 September every year after 31st March, 2018
	Coupons/dividends	Coupon
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	LIBOR+4.07%
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	Yes
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	No Basel III Loss Absorbency

1	Issuer	NA	NA
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument		
	Regulatory treatment		
4	Transitional Basel III rules	Additional Tier I	Additional Tier I
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at solo/group/group & solo	NA	NA
7	Instrument type	HO - Borrowings	HO - Borrowings
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	2,171	
9	Par value of instrument	2,171	2,171
10	Accounting classification	Liability - Borrowings	Liability - Borrowings
11	Original date of issuance	13th March , 2008	19th December, 2006
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	NA	NA
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	13th September, 2018	21st December, 2016
16	Subsequent call dates, if applicable	13th March & 13th September after 1st call date	13th March & 13th September after 1st call date
	Coupons/dividends	Coupon	Coupon
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	LIBOR+1.4275%	LIBOR+4.2%
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	NA	NA
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non Cumulative	Non Cumulative
23	Convertible or non-convertible	NA	NA
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to other Creditors	Subordinated to other Creditors
36	Non-compliant transitioned features	Yes	Yes
37	If yes, specify non-compliant features	No Basel III Loss Absorbency	No Basel III Loss Absorbency