RBL BANK
apno ka bank

Basel III Disclosures
For the year ended March 31, 2015

I. Scope of Application

The framework of disclosures applies to **RBL Bank Limited**, a scheduled commercial bank, incorporated on August 6, 1943. The Bank does not have any subsidiary nor does it have any interest in any insurance entity.

II. Capital Adequacy

Regulatory capital assessment

The Bank is subjected to Capital Adequacy guidelines stipulated by Reserve Bank of India (RBI). In line with RBI guidelines under Basel III, the Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing its Capital Adequacy Ratio (CAR).

As per capital adequacy guidelines under Basel III, by March 31, 2019 the Bank is required to maintain a minimum CAR of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET I) CAR of 5.5% {8% including CCB}. These guidelines on Basel III are to be implemented in a phased manner. The minimum CAR required to be maintained by the Bank for the year ended March 31, 2015 is 9% with minimum CET I of 5%.

As on March 31, 2015, total CAR of the Bank stood at 13.13%, well above regulatory minimum requirement of 9%. Tier I CAR of the Bank stood at 12.74% and CET I CAR at 12.74%.

Assessment of adequacy of Capital to support current and future activities

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) which is approved by the Board of Directors (Board). Under ICAAP, the Bank determines adequacy of capital to meet regulatory norms, current and future business needs, including stress scenarios. ICAAP evaluates and documents all risks and substantiates appropriate capital allocation for risks identified under Pillar 1 (i.e. Credit, Market and Operational Risk) as well as Pillar 2.

ICAAP enables the Bank to ensure the adequacy of capital to take care of the future business growth and various other risks that the Bank is exposed to, so that the minimum capital required is maintained on a continuous basis and also at the times of changing economic conditions/ economic recession. The Bank takes into account both quantifiable and non-quantifiable risks while assessing capital requirements. The Bank considers the following risks as material and has considered these while assessing and planning its capital requirements:

- Credit Risk
- Market Risk
- Operational Risk
- Interest Rate Risk in banking Book

- Liquidity Risk
- Credit Concentration Risk
- Business Risk
- Strategic Risk
- Compliance Risk
- Reputation Risk
- Technology Risk

The Bank has also implemented a Board approved Stress Testing Framework. This involves the use of various techniques to assess the Bank's vulnerability to plausible but extreme stress events. The stress tests cover assessment of Credit Risk, Market Risk, Operational Risk, Liquidity Risk as well as Interest Rate Risk under assumed 'stress' scenarios. Tolerance limits have also been defined for these stress tests. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in ICAAP. The stress tests are performed at periodic intervals and results are reported to the Board.

As per the Bank's assessment, it believes that its current robust capital adequacy position, adequate headroom available to raise capital, demonstrated track record for raising capital and adequate flexibility in the balance sheet structure and business model, the capital position of the Bank is expected to remain robust.

Capital requirements for various risks

A summary of Bank's capital requirement for credit, market and operational risk along with CAR as on March 31, 2015 is presented below:

(` in crore)

SN	Particulars	31.03.2015
(a)	Capital requirements for Credit risk:	
	- Portfolios subject to standardized approach	1,304.93
	- Securitization exposures	-
(b)	Capital requirements for Market risk:	
	Standardized duration approach	
	- Interest rate risk	146.41
	- Foreign exchange risk (including gold)	4.05
	- Equity risk	9.87
(c)	Capital requirements for Operational risk:	
	- Basic indicator approach	92.77
(d)	Capital Adequacy Ratios	
	- Total Capital Adequacy Ratio (%)	13.13 %
	- Tier-1 Capital Adequacy Ratio (%)	12.74 %
	- Common Equity Tier-1 Capital Adequacy Ratio (%)	12.74 %

III. Credit Risk: General Disclosures

Policy and Strategy for Credit Risk Management

Credit Risk is defined as the probability of losses associated with reduction in credit quality of borrowers or counterparties leading to non-payment of dues to the bank. In the Bank's portfolio, losses arise from default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlements, or any other financial transaction.

The Bank has put in place Commercial Credit Policy, Investment Policy, Recovery Policy, Risk Management Policy, Policy on Transfer of Asset through Securitization & Direct Assignment of cash flows, Retail Assets Credit Policy duly approved by the Board whereby credit risk can be identified, quantified and managed within the framework that is considered consistent with the scale, size of business and risk appetite of the Bank. These policies prescribe various methods for credit risk identification, measurement, grading, monitoring, reporting, risk control / mitigation techniques and management of problem loans/ credit.

Credit Risk Management is ensured through following initiatives:

- A rigorous control framework from which only authorized departures are permitted;
- Clear, agreed roles and responsibilities;
- Qualified, experienced and well-motivated personnel;
- A predetermined credit risk measurement and monitoring methodology;
- Consistent reporting and relevant MIS;
- A statement of operating principles;
- Robust systems, applications and data warehousing architecture.

Organizational Structure for Credit Risk Management function

The organizational structure of the Bank for Credit Risk Management function has the Board of Directors at the apex level that maintains overall oversight on the management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes credit risk. RMCB approves the Bank’s credit policies, prudential exposure limits, business segments, credit assessment and approval system, margin and collateral management, credit documentation, credit pricing framework, credit administration and monitoring system, non-performing assets management policy, credit risk management system and exception management.

At operational level, Management Credit Committee (MCC) is responsible for operationalizing the credit policy and implementing credit framework as approved by the Board. The committee recommends policies on standards for presentation of credit proposals, financial covenants, ratings, prudential limits on large credit exposures, standards for loan collaterals, etc. MCC also oversees portfolio risk management, loan review mechanism, risk concentrations, pricing of loans, provisioning and other regulatory/ legal compliances. In addition, the committee has financial authority to approve credit proposals in line with Board approved policy.

MCC is assisted by the Executive Credit Committee (ECC), which does not possess financial authority, but plays an important role towards setting portfolio quality standards. The committee reviews portfolio underwriting standards, approves policy deviations and monitors various other portfolio quality metrics on a periodic basis.

The roles and responsibilities of the key functions involved in credit risk management are as detailed below:

- Credit Risk Department (CRD) – The CRD has an independent reporting to Chief Risk Officer (CRO) of the Bank and has credit recommendation and approval authorities at different levels. The CRD takes decisions on all applications in accordance with policies applicable to the specific proposal / product / scheme. To ensure complete independence, and to avoid any conflict of interest, the CRD is not assigned any business targets.
- Credit Administration Department (CAD) – The CAD at Corporate / Regional level acts as the third eye after business and CRD to ensure compliance with the Bank's policies and prudent lending requirements.
- Recoveries and Collections – The Recovery Department monitors NPA's and manages restructuring of advances after examining viability of the unit, follows up for recoveries very closely and provides guidance to the Relationship Manager (RM's) / Branch Managers responsible for collections and actively participates in the recovery effort where warranted.
- Portfolio Risk – The primary responsibility of Portfolio Risk include overall portfolio analysis and reporting the same to Board, review of internal rating system, monitoring prudential limits and loan reviews.

Credit risk measurement, mitigation, monitoring & reporting systems

Credit Origination and Appraisal System

There are separate Credit Origination and Appraisal Processes for Wholesale and Retail segments. Within the Wholesale segment, Bank has adopted underwriting standards for different client segments that is based, inter alia, on internal risk ratings, availability of security and other risk parameters. The credit sanctions are provided by experienced credit professionals and / or credit committees with delegated approval authorities as per Bank's Board approved credit policy, basis detailed appraisal memorandum that takes into account business and financial risks of the proposal. The Retail segment, on the other hand, relies largely on standardized product programs for credit risk assessment and approvals.

Credit Rating Framework

The Bank has put in place an internal rating system for Wholesale segment. The rating system uses various models, depending upon size of company as well as specialized models for Non-Banking Finance Companies (NBFC), Micro Finance Institutions (MFI) and Traders. The internal rating system is a step towards migration to Advanced Approach for Credit Risk as per Basel III.

The rating system is based on a two dimensional rating framework, Borrower Rating and Facility Rating. The Borrower Rating is determined first, which is based on assessment of Industry Risk, Business Risk, Management Risk and Financial Risk along with Project Risk / Conduct of Account (if applicable). This is calibrated to the Probability of Default (PD). The Facility Rating is based on

Borrower Rating, and takes into account security structure, therefore is a combination of PD and LGD (Loss Given Default).

Besides, the Bank continues to endeavor to have all facilities above ` 5 crore, to have external ratings.

Credit Documentation

The objective of credit documentation is to clearly establish the debt obligation of borrower to the Bank. In most cases, standardized set of documents are used as applicable, depending upon the type of credit facilities and the borrower entity. In cases of credit facilities for structured finance/ customized credit facilities for which standard documents have not been prescribed of are not appropriate, the documentation would be done on case to case basis in consultation with the Legal department/ outside lawyers.

Delegation of powers

The Bank has adopted 'Four Eyes' principle for credit approval. The principle dictates that generally at least two people must create, examine and approve a credit proposal. Most of the loan proposals require Joint Signature Approvals (JSA). This helps to avoid credit approval based on judgment of one functionary alone, ensures compliance and reduces risk from errors & prejudices. The Bank has also adopted Committee Approach for sanctioning high value credit proposals. Board Credit Committee (BCC), Management Credit Committee (MCC) approves credit proposals as per authority matrix.

Post Sanction Monitoring

The Bank has evolved a process to ensure end-use of funds is for the purpose for which credit limits are sanctioned. Further, it is ensured that the security obtained from borrowers by way of hypothecation, pledge, etc. are not tampered with in any manner and are adequate.

Early Warning System (EWS)

The Bank has an Early Warning System (EWS) for early identification of problem loan accounts across business segments. EWS works on the basis of various pre-defined symptoms. Such accounts are closely monitored by Relationship Managers (RMs), Credit Risk Department, Special Mention Assets (SMA) Group and CAD. These accounts are also monitored by Executive Credit Committee (ECC) on a monthly basis.

Accounts which the Bank wishes to monitor closely are tagged as "Watch list" accounts. Accounts which exhibit severe stress are tagged as "Adverse Labeled" accounts. Both these categories of accounts receive special management attention. Such accounts are monitored very closely by Senior Management and Board/ RMCB.

Based on RBI guidelines pertaining to "Early Recognition of Financial Distress, the Bank has also introduced SMA tagging into following 3 categories.

SMA-0	Principal or interest not overdue for more than 30 days but account showing signs of incipient stress
SMA-1	Principal or interest overdue between 31-60 days
SMA-2	Principal or interest overdue between 61-90 days

As per exposure thresholds specified by RBI, information related to large credit exposures are being reported to CRILC (Central Repository of Information on Large Credit) that has been set-up by RBI. Additionally, any new SMA-2 is also being reported to CRILC as per guidelines.

Reporting of an account as SMA-2 by one or more lending banks/notified NBFCs will trigger the mandatory formation of a Joint Lenders' Forum and formulation of a Corrective Action Plan (CAP).

Review / Renewal of Loans

After a credit facility is sanctioned and disbursed, follow-up and reviews are conducted at periodic intervals. All funded and non-funded facilities granted to a customer are reviewed at least once a year or at more frequent intervals, as warranted.

Credit Pricing

Pricing of loans / advances / cash credit / overdraft or any other financial accommodation granted / provided / renewed or discounted usance bills is in accordance with the directives on interest rates on advances issued by RBI as well as internal policies of the bank. The Bank has also adopted Risk Based Pricing for different categories of customers.

Credit Portfolio Analysis

Credit portfolio analysis is carried out at periodic intervals to review entire credit portfolio of the Bank to monitor growth, distribution, concentration, quality, compliance with RBI guidelines & policies of the Bank, accounts under Watch-List/ Adverse Labeled category etc. The same is monitored / reviewed by Senior Management/ Board / RMCB.

Loan Review Mechanism (LRM) and Credit Audit

The Bank has implemented LRM and Credit Audit framework in line with RBI guidelines. The primary objective includes monitoring effectiveness of loan administration, compliance with internal policies of Bank and regulatory framework, monitor portfolio quality, concentrations, post sanction follow-ups and appraising top management with information pertaining to the audit finding for further corrective actions.

Non-performing Assets (NPA)

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

A non-performing asset (NPA) is a loan or an advance where:

i) Interest and/ or installment of principal remain overdue for a period of 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.

ii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted;

iii) Installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, and one crop season for long duration crops;

iv) The account remains 'out of order' in respect of an Overdraft/ Cash Credit (OD/CC). An account is treated as 'out of order' if:

   a. the outstanding balance remains continuously in excess of the sanctioned limit / drawing power for more than 90 days; or

   b. where outstanding balance in principal operating account is less than sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of balance sheet or credits are not enough to cover interest debited during the same period;

v) The regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date / date of ad-hoc sanction;

vi) Drawings have been permitted in working capital account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than 3 months old, even though the unit may be working or the borrower's financial position is satisfactory;

vii) Bank Guarantees/ Letters of Credits devolved on the Bank which are not reimbursed by the customer within 90 days from the date of payment;

viii) A loan for an infrastructure / non-infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset';

ix) A loan for an infrastructure (/ non-infrastructure) project will be classified as NPA if it fails to commence commercial operations within 2 years (/ 6 months) from original date of commencement of commercial operations, even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset'.

x) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of RBI guidelines on securitization;

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

Non- performing Investments (NPI)

NPI is one where:

i) Interest / installment (including maturity proceeds) is due and remains unpaid for more than 90 days;

ii) The fixed dividend is not paid in case of preference shares;

iii) In case of equity shares, in the event investment in shares of any company is valued at Re.1 per company on account of non-availability of latest balance sheet in accordance with RBI instructions;

iv) If any credit facility availed by the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer would be treated as NPI and vice versa;

v) The investments in debentures / bonds which are deemed to be in the nature of advance would also be subjected to NPI norms as applicable to investments.

Quantitative Disclosures

(a) Total gross credit risk exposures, Fund based and Non-fund** based separately:*

(` in crore)

Category	**31.03.2015**
Fund Based	**21,003.88**
Gross Advances	14,530.41
Investment in Banking book	3,644.31
All other Assets	2,829.16
Non-Fund Based	**5,408.23**
Total	**26,412.11**

* Represents book value as on 31st March including bill re-discounted.

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations, Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(b) Geographic distribution of exposure*, Fund based & Non- fund** based separately

(` in crore)

Category	**31.03.2015**		
	Domestic	**Overseas**	**Total**
Fund Based	20,953.05	50.83	21,003.88
Non-Fund Based	5,401.98	6.25	5,408.23
Total	**23,355.03**	**57.08**	**26,412.11**

* Represents book value as on 31st March including bills re-discounted;

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations, Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(a) Industry type distribution of exposures*- Funded & Non-funded**

(` in crore)

Industry Code	Industry Name	31.03.2015	
		Fund Based	Non Fund Based
1	A. Mining and Quarrying (A.1 + A.2)	26.85	71.30
11	A.1 Coal	26.85	-
12	A.2 Others	-	71.30
2	B. Food Processing (Sum of B.1 to B.5)	690.05	696.72
21	B.1 Sugar	173.45	73.16
22	B.2 Edible Oils and Vanaspati	36.66	571.64
23	B.3 Tea	-	-
24	B.4 Coffee	195.85	-
25	B.5 Others	284.10	51.93
3	C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	174.98	0.05
31	C.1 Tobacco and tobacco products	0.24	-
32	C.2 Others	174.73	0.05
4	D. Textiles (Sum of D.1 to D.6)	352.17	20.20
41	D.1 Cotton	225.16	14.65
42	D.2 Jute	-	-
43	D.3 Handicraft/ Khadi (Non Priority)	-	-
44	D.4 Silk	-	-
45	D.5 Woolen	-	-
46	D.6 Others	127.01	5.55
47	Out of D (i.e. Total Textiles) to Spinning Mills	-	-
5	E. Leather and Leather Products	15.55	0.47
6	F. Wood and Wood products	6.47	-
7	G. Paper and Paper Products	92.27	3.59
8	H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	118.60	152.05
9	I. Chemicals and Chemical Products (Dyes, Paints etc.) Sum of I.1 to I.4)	964.70	272.46
91	I.1 Fertilizers	24.98	155.39
92	I.2 Drugs and Pharmaceuticals	653.51	54.71
93	I.3 Petro-chemicals (excluding under Infrastructure)	14.17	3.05
94	I.4 Others	272.04	59.31
10	J. Rubber, Plastic and their products	330.15	25.96
11	K. Glass & Glassware	12.32	-
12	L. Cement and Cement Products	141.27	39.11
13	M. Basic Metal and Metal Products (M.1 & M.2)	477.57	371.29
131	M.1 Iron and Steel	249.78	299.49
132	M.2 Other Metal and Metal Products	227.79	71.79

Industry Code	Industry Name	31.03.2015	
		Fund Based	Non Fund Based
14	N. All Engineering (N.1 & N.2)	346.29	198.12
141	N.1 Electronics	32.95	54.28
142	N.2 Others	313.33	143.84
15	O. Vehicles, Vehicle Parts and Transport Equipments	96.76	27.03
16	P. Gems and Jewellery	173.21	4.52
17	Q. Construction	795.63	514.77
18	R. Infrastructure (Sum R.1 to R.4)	821.19	833.93
181	R.1 Transport(Sum of R.1.1 to R.1.5)	99.27	245.45
1811	R.1.1. Railways	-	-
1812	R.1.2 Roadways	99.27	245.45
1813	R.1.3 Airport	-	-
1814	R.1.4 Waterways	-	-
1815	R.1.5 Ports	-	-
182	R.2 Energy (Sum of R.2.1 to R.2.4)	513.58	547.16
1821	R.2.1 Electricity (generation-transportation and distribution)	513.58	547.16
18211	R.2.1.1 State Electricity Boards	-	-
18212	R.2.1.2 Others	-	-
18213	R.2.3 Power Generation	74.29	115.69
18214	R.2.4 Power transmission / Distribution	214.26	219.91
18215	R.2.4 Power -Non-Conventionalm Energy	225.04	211.56
1822	R.2.2 Oil (storage and pipeline)	-	-
1823	R.2.3 Gas/LNG (Storage and pipeline)	-	175.57
1824	R.2.4 Others	-	-
183	R.3 Telecommunication	153.00	41.31
184	R.4 Others	55.33	-
1841	R.4.1 Water sanitation	-	-
1842	R.4.2 Social & Commercial Infrastructure	5.35	-
1843	R.4.3 Others	49.97	-
19	S. NBFC	819.70	25.43
20	T. Micro-Finance Institutions (MFI)	1,003.21	-
21	U. Housing Finance Companies (HFC)	190.33	-
22	V. Core Investment Companies (CIC)	-	137.64
23	W. Traders	762.73	798.50
24	X. Other Services	1,442.88	415.31
25	Y. Other Industries	1,574.51	100.41
26	All Industries (Sum of A to Y)	11,429.36	4,708.85
27	Residuary Other Advances (to tally with book value) [a+b+c]	4,801.70	699.38
271	a. Education Loan	11.57	-
272	b. Aviation Sector	157.00	-

Industry Code	Industry Name	31.03.2015	
		Fund Based	Non Fund Based
273	c. Other Residuary Advances	4,633.13	699.38
28	**Total**	**16,231.06**	**5,408.23**

As on March 31, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

Sr. No.	Industry classification	Percentage of the total gross credit exposure as on 31-03-2015
1.	Infrastructure	7.65%
2.	Traders	7.21%
3.	Food Processing	6.41%
5.	Construction	6.06%
5.	Chemical & Chemical Products	5.72%

* Represents book value as on 31st March, gross advances and investments through credit substitutes;

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations and Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(b) Residual contractual maturity breakdown of assets as on 31.03.2015

(` in crore)

Maturity bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	1,107.30	204.34	219.84	-
2 to 7 days	234.85	2226.84	274.69	27.50
8 to 14 days	15.07	626.35	184.59	17.98
15 to 28 days	54.09	375.51	325.70	-
29 days to 3 months	83.80	2,722.65	1,471.80	34.91
3 to 6 months	60.79	1,576.26	1,119.26	24.43
6 to 12 months	201.16	896.74	4,166.69	71.90
1 to 3 years	232.94	840.56	4,333.33	133.29
3 to 5 years	152.19	174.83	906.91	27.61
Over 5 years	28.14	181.60	1,447.02	321.21
Total	**2,170.33**	**9,825.68**	**14,449.83**	**658.83**

(Note: Classification of assets and liabilities under the different maturity buckets in the above table is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.)

(c) Non-Performing Assets (NPA) –

(` in crore)

SN	Particulars	31.03.2015
(a)	Amount of NPAs (Gross)	**111.23**
	- Substandard	32.60
	- Doubtful 1	37.77
	- Doubtful 2	15.34
	- Doubtful 3	2.34
	- Loss	23.18
(b)	**Net NPAs**	**38.60**
(c)	**NPA ratios**	
	- Gross NPAs to gross advances	0.77%
	- Net NPAs to Net advances	0.27%
(d)	Movement of NPAs (Gross)	
	- Opening balance as on 01.04.2014	**77.75**
	- Additions	47.63
	- Reductions	14.15
	- Closing balance as on 31.03.2015	**111.23**
(e)	Movement of provisions for NPAs	
	- Opening balance as on 01.04.2014	**47.25**
	- Provisions made during the period	32.02
	- Write-off / Write-back of excess provisions during the year	6.63
	- Closing balance as on 31.03.2015	**72.64**

(d) NPI and movement of provision for depreciation of NPIs –

(` in crore)

SN	Particulars	31.03.2015
(a)	Amount of Non- Performing Investments	-
(b)	Amount of provisions held for Non- Performing Investments	-
(c)	Movement of provisions for Non - Performing & depreciation on investments	
	- Opening balance as on 01.04.2014	2.18
	- Provisions made during the period	9.62
	- Write-off	-
	- Write-back of excess provisions	9.37
	- Closing balance as on 31.03.2015	2.43

IV. Credit Risk: Disclosures for Portfolios Subject to the Standardized Approach

Ratings used under Standardized Approach:

As stipulated by RBI, the Bank makes use of ratings assigned to domestic counterparties by following Eligible Credit Assessment Institutions (ECAI's) namely:

- CRISIL Limited;
- CARE Limited
- India Ratings & Research Private Limited (earlier known as Fitch India);
- ICRA Limited;
- Brickwork Ratings India Pvt. Ltd (Brickwork);
- SMERA.

The Bank is using the ratings assigned by the following international credit rating agencies, approved by the RBI, for risk weighting claims on overseas entities:

- Fitch Ratings
- Moody's
- Standard & Poor's

The Bank reckons external ratings for risk weighting purposes, if the external rating assessment complies with the guidelines stipulated by RBI.

Types of exposures for which each agency is used:

The Bank has used the solicited ratings assigned by the above approved credit rating agencies for all eligible exposures, both on balance sheet and off balance sheet, whether short term or long term, as prescribed in the RBI guidelines.

Process used for application of issue ratings to comparable assets in banking book:

Key aspects of the Bank's external ratings application framework are as follows:

1. The Bank uses only those ratings that have been solicited by the counterparty;
2. Where the facility provided by the Bank possesses rating assigned by approved ECAI, the risk weight of the claim is based on this rating;
3. The Bank also reckons external rating at the borrower (issuer) level as follows:

    a. In case the Bank does not have exposure in a rated issue, the Bank would use the long term issue rating (inferred rating) for its comparable unrated exposures to the same borrower, provided that the Bank's exposures is pari-passu or senior and of similar or shorter maturity as compared to the rated issue, then this rating is applied on all unrated facilities of the borrower;

    b. Where a short term rating is used as an inferred rating for a short term un-rated claim, the risk weight applied shall be one notch higher than corresponding to the risk weight of the inferred rating.

Quantitative Disclosures

For exposure amounts after risk mitigation subject to the standardized approach, amount of Bank's exposure (rated and unrated) in the following three major risk buckets as well as those that are deducted:

(` in crore)

Particulars	31.03.3015
- Below 100% risk weight	13,112.89
- 100% risk weight	11,246.14
- More than 100% risk weight	2,053.08
- Deducted	-

Treatment of undrawn exposures

As required by regulatory norms, the Bank holds capital even for the undrawn portion of credit facilities which are not unconditionally cancellable without prior notice by the Bank, by converting such exposures into a credit exposure equivalent based on the applicable Credit Conversion Factor ("CCF"). For credit facilities which are unconditionally cancellable without prior notice, the Bank applies a CCF of zero percent on the undrawn exposure.

V. Credit Risk Mitigation: Disclosures for Standardized Approaches

Policies and processes

The Bank has in place Commercial Credit Policy, Retail Assets Credit Policy duly approved by the Board. The policies lay down the types of securities normally accepted by the Bank for lending, and administration / monitoring of such securities in order to safeguard / protect the interest of the Bank so as to minimize the risk associated with it.

Credit Risk Mitigation

In line with RBI guidelines, the Bank uses comprehensive approach for credit risk mitigation. Under this approach, the Bank reduces its credit exposure to the counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified.

Main types of collateral taken by Bank

Bank uses various collaterals financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main collaterals include bank deposits, National Saving Certificate (NSC) / Kisan Vikas Patra (KVP) / Life Insurance Policies, plant and machinery, Book debts, residential and commercial mortgages, vehicles and other movable properties. All collaterals are not recognized as credit risk mitigants under the standardized approach. The following are the eligible financial collaterals which are considered under standardized approach.

- Fixed Deposit receipts issued by the Bank;
- Securities issued by Central and State Governments;
- KVP and NSC provided no lock-in period is operational and that can be encashed within the holding period;
- Life Insurance Policies with declared surrender value, issued by an insurance company regulated by the insurance sector regulator;
- Gold, include bullion and jewellery after notionally converting to 99.99% purity.

Main type of guarantor counterparties

Wherever required the Bank obtains personal or corporate guarantee as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor which is unconditional and irrevocable. The creditworthiness of the guarantor is normally not linked to or affected by the borrower's financial position.

Concentration Risk in Credit Risk Mitigants

The credit risk mitigation taken is largely in the form of cash deposit with the Bank and thus the concentration risk (credit and market) of the mitigants is low.

Quantitative Disclosures

(` in crore)

SN	Particulars	31.03.2015
1.	Total Exposure (on and off balance sheet) covered by eligible financial collateral after application of haircuts	477.96
2.	Total Exposure (on and off balance sheet) covered by guarantees / credit derivatives	120.76

VI. Securitization Exposures: Disclosure for Standardized Approach

In respect of securitization transactions, the Bank's role is limited as an investor. The outstanding value of securitized exposure as on March 31, 2015 was ` 423.60 Cr.

Quantitative Disclosures

Banking Book

(` in crore)

SN	Particulars	31.03.2015
1.	Total amount of exposures securitized by the Bank	NIL
2.	For exposures securitized, losses recognized by the Bank during the current period	NIL
3.	Amount of assets intended to be securitized within a year	NIL
4.	Of (3), amount of assets originated within a year before securitization	NIL
5.	Total amount of exposures securitized and unrecognized gain or losses on sale by exposure type	NIL
6.	Aggregate amount of: - On balance sheet securitization exposures retained or purchased broken down by exposure type - Off balance sheet securitization exposures	NIL NIL
7.	Aggregate amount of: - Securitization exposures retained or purchased and the associated capital charges, broken down between exposures & different risk weight bands.	NIL
8.	Exposures that have been deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)	NIL

Trading Book

(` in crore)

<table>
<tr><th>SN</th><th>Particulars</th><th>31.03.2015</th></tr>
<tr><td>1.</td><td>Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures and which is subject to market risk approach, by exposure type</td><td>NIL</td></tr>
<tr><td>2.</td><td>Aggregate amount of:
- On balance sheet securitization exposures retained or purchased broken down by exposure type
- Off balance sheet securitization exposures</td><td>Securities (PTC) purchased with book value `359.67 <b>Cr.,</b> backed by pool of micro-finance loans and investment in security receipts with book value `63.93 Cr.
NIL</td></tr>
<tr><td>3.</td><td>Aggregate amount of securitization exposures retained or purchased separately for:
- Securitization exposures retained or purchased subject to Comprehensive Risk Measure for Specific Risk
- Securitization exposures subject to the securitization framework for specificrisk broken down into different risk weight bands</td><td><b>` 423.60 crore</b><br>(` in crore)<table><tr><td>Risk Weight</td><td>Exposure</td></tr><tr><td>Below 100%</td><td>0</td></tr><tr><td>100%</td><td>344.17</td></tr><tr><td>More than 100%</td><td>79.43</td></tr></table></td></tr>
<tr><td>4.</td><td>Aggregate amount of:
- Capital requirements for securitization exposures, subject to the securitization framework broken down into different risk weight bands
- Securitization exposures that are deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)</td><td>(` in crore)<table><tr><td>Risk Weight</td><td>Capital Required</td></tr><tr><td>Below 100%</td><td>0</td></tr><tr><td>100%</td><td>30.98</td></tr><tr><td>More than 100%</td><td>10.41</td></tr></table>NIL</td></tr>
</table>

VII. Market Risk in Trading Book

Policy and Strategy for Market Risk Management

Bank defines Market Risk as the risk of losses in trading book due to movements in market variables such as interest rates, credit spreads, foreign exchange rates, forward premia, commodity prices, equity prices etc. Bank's exposure to market risk arises from investment in trading book (AFS & HFT category), the foreign exchange positions, and other derivative positions. Under market risk management, liquidity risk, interest rate risk, equity price risk and foreign exchange risk are monitored and managed.

Market Risk is managed in accordance to the Board approved Investment Policy, Market Risk Management Policy, Asset Liability Management (ALM) Policy, Foreign Exchange Policy, Derivatives Policy. The policies lay down well-defined organization structure for market risk management functions and processes whereby the market risks carried by the Bank are identified, measured, monitored and controlled within the stipulated risk appetite of the Bank.

Organization Structure for Market Risk Management function

The organizational structure of Market Risk Management function has the Board of Directors at the apex level that maintains overall oversight on management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes market risk. At operational level, Asset Liability Management Committee (ALCO) monitors management of market risk. The main functions of ALCO also include balance sheet planning from a risk return perspective including the strategic management of interest rate risk and liquidity risk.

The Market Risk Management process includes the following key participants:

- The Market Risk Management Group, which is an independent function, reports to Chief Risk Officer (CRO). This group is responsible for developing the policy framework for Market Risk management and day to day oversight over the Market Risk exposures of the Bank.

- The Treasury Mid Office is responsible for monitoring all Market Risk exposures in line with the policies of the bank and escalating excesses/ violations etc. in a timely manner so that corrective action can be initiated.

- Treasury Investment Committee oversees and reviews investments in Government Securities, bonds and debentures, equity investments, and investments in other approved securities and instruments.

Risk Reporting, Measurement, Mitigation and Monitoring Systems

The Market Risk Management framework ensures that there are sufficient processes and controls in place to ensure all market risk exposures are monitored and are within the risk appetite set by the Bank’s Board.

Reporting and measurement systems

The Bank has defined various risk metrics for different products and investments. Risk limits are control measures which seek to limit risk within or across the desks. The objective of a limit is to ensure that the negative earnings impact of price risks are within the risk taking appetite of the Bank. The nature of limits includes position limits, gap limits, tenor & duration limits, stop-loss trigger level, Value at Risk (VaR) limits. These limits are appropriately selected for the relevant portfolios. The risk limits are monitored across different levels of the Bank on an ongoing basis.

Liquidity Risk Management

Liquidity Risk is managed in the following manner:

- Asset Liability Management (ALM) Policy of the Bank specifically deals with liquidity and interest rate risk management.
- As envisaged in the ALM policy, liquidity risk is managed through Traditional Gap Analysis based on the residual maturity / behavioral pattern of assets and liabilities as prescribed by RBI.
- Monitoring of prudential (tolerance) limits set for different residual maturity time buckets, large deposits, loans, various liquidity ratios for efficient asset liability management;
- The Bank has also put in place mechanism of short term dynamic liquidity and contingency plan for liquidity risk management;
- Contingency Funding Plan (CFP), approved by the Board sets process to take care of crisis situation in the event of liquidity crunch or a run on the Bank. A comprehensive set of Early Warning Indicators has been designed to forewarn of impending liquidity stress. Crisis Management Team (CMT) would be constituted to provide direction of follow up action on handling the crisis situation.

Assessment of Illiquidity

The Bank has established procedures for calculating an adjustment to the current valuation of less liquid (i.e. illiquid) positions for regulatory capital purposes. The adjustment to the current valuation of illiquid positions is deducted from Common Equity Tier I (CET I) capital while computing CAR of the Bank.

Portfolios covered by Standardized Approach

The Bank has adopted Standardized Duration Approach (SDA) as prescribed by RBI for computation of capital charge for market risk for:

- Securities included under the Held for Trading (HFT) category,
- Securities included under the Available for Sale (AFS) category,
- Open foreign exchange position limits, and
- Trading positions in derivatives.

Capital requirement for:

(` in crore)

Particulars	31.03.2015
Interest Rate Risk	146.41
Equity Position Risk	9.87
Foreign Exchange Risk	4.05

VIII. Operational Risk

Policy and Strategy for Operational Risk Management

Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. The Bank faces Operational Risk due to its extensive use of technology, exposure to potential errors, frauds, or unforeseen catastrophes resulting in unexpected losses in the course of business activities.

Bank has a well documented Operational Risk Management Policy to mitigate and manage operational RISK. The Operational Risk Management process of the Bank is driven by a strong control culture and sound operating procedures, involving corporate values, attitudes, competencies, internal control culture, effective internal reporting and contingency planning.

Operational Risk Management Governance Structure

The Bank has an Operational Risk Management framework. The Board of Directors of the Bank defines the risk appetite, sets the risk management strategies and approves the operational risk policies of the Bank. The Bank's risk management processes are guided by well-defined policies commensurate with size of the organization and appropriate for various risk categories, independent risk oversight and periodic monitoring of portfolio by Risk Management Committee of Board (RMCB).

For the effective management of Operational Risk, the Bank has constituted the Operational Risk Management Committee (ORMC) consisting of senior management personnel. The ORMC which supports the Risk Management Committee of Board (RMCB) is responsible for implementing the Operational Risk Management Policy and adopting the best practices. The main functions of ORMC are to monitor and ensure appropriateness of operational risk management and recommend suitable control measures for mitigating the same.

Additionally, with a view to ensure sound practices in respect of governance of the overall Operational risk, the Bank has outlined policies and processes in respect of Information Security; Outsourcing; Business Continuity Planning & IT Disaster Recovery; Records Management, Fraud Control and Customer Service.

Risk Reporting, Measurement, Mitigation and Monitoring Systems

The following are some of the key techniques applied by Bank and / or group companies to manage operational risks:

- The Bank has built into its operational process segregation of duties, clear reporting structures, well defined processes, operating manuals, staff training, verification of high value transactions and strong audit trails to control and mitigate operational risks.
- New Product and activity notes prepared by business units are reviewed by all concerned departments including compliance, risk management and legal and approved through Product approval committee.
- Dedicated Operational Risk team to drive the processes for management of operational risk. The Operational risk team performs risk analysis and root cause analyses on operational risk

events, reported by business units, to identify inherent areas of risk and suggest suitable risk mitigating actions which are monitored for resolution. This function is also responsible for ensuring the communication of operational risk events and loss experience to the senior management and ORMC.

- Risk and Control assessments are performed for business units to systematically assess inherent operational risks and quality of controls to mitigate the risks.
- Awareness programs to make the line functions aware of operational risk and its management have been established.
- The Technology Committee provides direction for mitigating the operational risk in IT security.
- Disaster recovery and Business Continuity Plans (BCP) have been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are tested and reviewed to ensure their effectiveness to mitigate unforeseen risks arising out of disruptions.
- Risk transfer via insurance is a key strategy to mitigate operational risk exposure at the Bank.
- Internal Audit is part of the ongoing monitoring of the bank's system of internal controls. Internal audit provides an independent assessment of the adequacy of, and compliance with, the bank’s established policies and procedures.

Approach for Operational Risk capital assessment

In accordance with RBI guidelines, the Bank has adopted Basic Indicator Approach (BIA) for computation of capital charge for operational risk.

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

Policy and Strategy for Interest Rate Risk Management

Interest rate risk in banking book represents the Bank’s exposure to adverse movements in interest rates with regard to its non-trading exposures. Interest rate risk is measured by doing a gap analysis as well as factor sensitivity analysis. Bank holds assets, liabilities with different maturity and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets.

Interest Rate Risk is managed in accordance to the Board approved Asset Liability Management (ALM) Policy, Investment Policy. The policies lay down well-defined organization structure for interest rate risk management functions and processes whereby the interest rate risks carried by the Bank are identified, measured, monitored and controlled.

Organization Structure for Interest Rate Risk Management function

The organizational structure of the Bank for Interest Rate Risk Management function has the Board of Directors at the apex level that maintains overall oversight of management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes interest rate risk. At operational level, Asset Liability Management Committee (ALCO) monitors management of interest rate risk. The main functions of ALCO include balance sheet planning from a risk return perspective including the strategic management of interest rates and liquidity risks.

Risk Reporting, Measurement, Mitigation & Monitoring systems

- Interest rate risk is managed using Gap Analysis of Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) and monitoring of prudential (tolerance) limits prescribed.
- Earnings perspective - Based on the gap report, Earnings at Risk (EaR) approximates the impact of an interest rate/ re-pricing shock for a given change in interest rate on the net interest income (difference between total interest income and total interest expense) over a one year horizon.
- Economic value perspective - As against the earnings approach, interest rate risk is monitored based on the present value of the Bank's expected cash flows. A modified duration approach is used to ascertain the impact on interest sensitive assets, liabilities and off-balance sheet positions for a given change in interest rates on Market Value of Equity (MVE).
- Monitoring – The Bank employs EaR and MVE measures to assess the sensitivity to interest rate movements on entire balance sheet. EaR and MVE thresholds have been prescribed and the results are monitored on an ongoing basis.

  The findings of the risk measures for IRRBB are reviewed by Board at quarterly intervals.

Nature of IRRBB and Key assumptions

- Interest rate risk is measured by using Earnings Perspective and Economic Value Perspective method.
- The distribution into rate sensitive assets and liabilities under Interest Rate Sensitivity Statement, Coupons, Yields are as prescribed in ALM policy of the Bank.
- Non-maturity deposits (current and savings) are classified into appropriate buckets according to the study of behavioral pattern. In case of these deposits, volatile portion is classified into '1-28 Days' time bucket and remaining core portion into '1-3 years' time bucket.

Quantitative Disclosures

Increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB.

Earnings Perspective

(` in crore)

Interest rate shock	**31.03.2015**
1% change in interest rate for 1 year	6.51

Economic Value Perspective

(` in crore)

Interest rate shock	**31.03.2015**
200 basis point shock	350.35

X. General Disclosure for Exposures Related to Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

The Bank's Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy, Country Risk Framework & Inter-Bank Limit Policy and Customer Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up for taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk (VaR), Stop Loss and Stress Scenario Limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported promptly.

The Bank measures counterparty risk using current exposure method. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported promptly.

Exposure on account of Counterparty Credit Risk

		(` in crores)
Particulars	**Notional Amounts**	**Exposure (Current + Potential future)**
Foreign Exchange Contracts	8,296.19	292.04
Interest rate derivative contracts	5,821.01	64.30
Cross currency swaps	215.37	24.94
Currency options	2593.49	22.70
Total	16,926.05	403.98

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XI. Composition of Capital

				(` in crores)
Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,788.22		a1 + a2 + a3
2	Retained earnings	4.32		b1
3	Accumulated other comprehensive income (and other reserves)	434.66		c1 + c2 + c3
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	-		
	Public sector capital injections grandfathered until January 1, 2018	NA		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	Common Equity Tier 1 capital before regulatory adjustments	2,227.20		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	18.75		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	1.34		d1
10	Deferred tax assets	-		e1
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences	2.37		

			(` in crores)	
	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
	(amount above 10% threshold, net of related tax liability)			
22	Amount exceeding the 15% threshold	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	-		
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	*of which:* Unamortised pension funds expenditures	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	Total regulatory adjustments to Common equity Tier 1	22.45		
29	Common Equity Tier 1 capital (CET1)	2,204.75		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	*of which: instruments issued by subsidiaries subject to phase out*	-		
36	Additional Tier 1 capital before regulatory adjustments	-		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1	-		

			(` in crores)	
Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No.
	instruments			
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	Total regulatory adjustments to Additional Tier 1 capital	-		
44	Additional Tier 1 capital (AT1)	-		
44a	Additional Tier 1 capital reckoned for capital adequacy	-		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	2,204.75		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	-		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	*of which: instruments issued by subsidiaries subject to phase out*	-		
50	Provisions	68.16		j1x 45% + j2 + j3
51	Tier 2 capital before regulatory adjustments	68.16		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of banking, financial and	-		

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			Amounts Subject to Pre-Basel III Treatment	Ref No.
	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)	(` in crores)		
	insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)			
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
57	Total regulatory adjustments to Tier 2 capital	-		
58	Tier 2 capital (T2)	68.16		
58a	Tier 2 capital reckoned for capital adequacy	68.16		
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	-		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	68.16		
59	Total capital (TC = T1 + T2) (45 + 58c)	2,272.91		
60	Total risk weighted assets (60a + 60b + 60c)	17,311.36		
60a	*of which: total credit risk weighted assets*	14,499.19		
60b	*of which: total market risk weighted assets*	1,781.39		
60c	*of which: total operational risk weighted assets*	1,030.78		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.74%		
62	Tier 1 (as a percentage of risk weighted assets)	12.74%		
63	Total capital (as a percentage of risk weighted assets)	13.13%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.00%		
65	*of which: capital conservation buffer requirement*	0.00%		
66	*of which: bank specific countercyclical buffer requirement*	0.00%		
67	*of which: G-SIB buffer requirement*	0.00%		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	7.74%		
	National minima (if different from Basel III)			

				(` in crores)
Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No.
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	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-		
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 March 31, 2017 and March 31, 2022)				
80	*Current cap on CET1 instruments subject to phase out arrangements*	-		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-		
82	*Current cap on AT1 instruments subject to phase out arrangements*	-		
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	-		
84	*Current cap on T2 instruments subject to phase out arrangements*	-		
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	-		

Notes to the Template

Row No. of the template	Particular	(` in crores)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	2.37
	Total as indicated in row 10	2.37
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
	(i) Increase in risk weighted assets	NA
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	67.70
	Eligible Revaluation Reserves included in Tier 2 capital	0.46
	Total of row 50	68.16
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)	-

XI. Composition of Capital- Reconciliation Requirements

Step 1

			(` in crores)
Composition of Capital- Reconciliation Requirements		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
		As on reporting date	**As on reporting date**
A	Capital & Liabilities		
i.	Paid-up Capital	293.45	
	Reserves & Surplus	1,936.98	
	Minority Interest	-	
	Total Capital	2,230.43	

(` in crores)			
Composition of Capital- Reconciliation Requirements		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
		As on reporting date	**As on reporting date**
ii.	Deposits	17,099.25	
	of which: Deposits from banks	3,021.45	
	of which: Customer deposits	14,077.80	
	of which: Other deposits (pl. specify)	-	
iii.	Borrowings	6,962.70	
	of which: From RBI	530.00	
	of which: From banks	749.00	
	of which: From other institutions & agencies	4,918.44	
	of which: Others (outside India)	765.26	
	of which: Capital instruments	-	
iv.	Other liabilities & provisions	812.30	
	Total Capital & Liabilities	**27,104.67**	
B	Assets		
i	Cash and balances with Reserve Bank of India	1,455.68	
	Balance with banks and money at call and short notice	714.66	
ii	Investments:	9,825.68	
	of which: Government securities	7,579.94	
	of which: Other approved securities	-	
	of which: Shares	0.10	
	of which: Debentures & Bonds	1,052.18	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	1,193.46	
iii	Loans and advances	14,449.83	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	14,449.83	
iv	Fixed assets	164.44	
v	Other assets	494.39	
	of which: Goodwill and intangible assets	1.34	

(` in crores)			
Composition of Capital- Reconciliation Requirements		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
		As on reporting date	**As on reporting date**
	of which: Deferred tax assets	2.37	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	**27,104.67**	

Step 2

(` in crore)				
Composition of Capital- Reconciliation Requirements		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**	**Ref. No.**
		As on reporting date	**As on reporting date**	
A	**Capital & Liabilities**			
i	**Paid-up Capital**	**293.45**		
	Of which:			
	Amount eligible for CET1	293.45		a1
	Amount eligible for AT1	-		
	Share application money*	-		a3
	Reserves & Surplus	**1,936.98**		
	Of which:			
	Share Premium	1,494.77		a2
	Statutory Reserve	155.45		c1
	Capital Reserve	14.56		c2
	Revenue & Other Reserves	264.66		c3
	Revaluation Reserve	1.02		j1
	Investment Reserve	2.20		j2
	Balance in Profit & Loss Account	4.32		
	Of which: Profit brought forward reckoned for capital adequacy purpose	4.32		b1
	Of which: Current period profit not reckoned for capital adequacy purpose	-		
	Minority Interest	-		
	Total Capital	2,230.43		
ii	**Deposits**	**17,099.25**		
	of which: Deposits from banks	3,021. 45		
	of which: Customer deposits	14,077.80		

(` in crore)

Composition of Capital- Reconciliation Requirements		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref. No.
		As on reporting date	As on reporting date	
	of which: Other deposits (pl. specify)	-		
iii	**Borrowings**	**6,962.70**		
	of which: From RBI	530.00		
	of which: From banks	749.00		
	of which: From other institutions & agencies	4,918.44		
	of which: Others (borrowings outside India)	765.26		
	of which: Capital instruments	-		
iv	**Other liabilities & provisions**	**812.30**		
	of which: Provision against Standard Assets	65.50		j3
	Total Capital & Liabilities	**27,104.67**		
B	Assets			
i	**Cash and balances with Reserve Bank of India**	**1,455.68**		
	Balance with banks and money at call and short notice	**714.66**		
ii	**Investments**	**9,825.68**		
	of which: Government securities	7,579.94		
	of which: Other approved securities	-		
	of which: Shares	0.10		
	of which: Debentures & Bonds	1,052.17		
	of which: Subsidiaries / Joint Ventures / Associates	-		
	of which: Others (Commercial Papers, Mutual Funds etc.)	1,193.46		
iii	**Loans and advances**	**14,449.83**		
	of which: Loans and advances to banks	-		
	of which: Loans and advances to customers	14,449.83		
iv	**Fixed assets**	**164.44**		
v	**Other assets**	**494.39**		

(` in crore)				
Composition of Capital- Reconciliation Requirements		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**	**Ref. No.**
		As on reporting date	**As on reporting date**	
	of which: Goodwill and intangible assets *Out of which:*			
	Goodwill	-		
	Other intangibles (excluding MSRs)	1.34		d1
	Deferred tax assets	2.37		e1
vi	**Goodwill on consolidation**	**-**		
vii	**Debit balance in Profit & Loss account**	**-**		
	Total Assets	**27,104.67**		

* Share Application Money is considered as a part of CET1 Capital as the amount is non-refundable and the shares have since been allotted to the applicants.

XII. Main Features of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments		**Equity Shares**
1	Issuer	RBL Bank Limited
2	Unique identifier (ISIN)	INE976G01028
3	Governing law(s) of the instrument	Applicable Indian statutes & regulatory requirement
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier I
5	Post-transitional Basel III rules	Common Equity Tier I
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Common Shares
8	Amount recognised in regulatory capital (Rs. in crore, as of March 31, 2015)	293.45
9	Par value of instrument (Rs. in crore)	NA
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates & redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	Dividend
17	Fixed or floating dividend/coupon	NA

Disclosure template for main features of regulatory capital instruments		Equity Shares
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
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	No
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)	All other creditors and depositors of the Bank
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

XIII. Full Terms and Conditions of Regulatory Capital Instruments

Sr. No.	Criteria	Full Terms and Conditions of Equity Shares of RBL Bank Limited
1.	Voting shares	Equity shares of RBL Bank Limited are voting shares
2.	Limit on voting rights	Limits on voting rights, if any, are applicable as per provisions of the Banking Regulation Act, 1949
3.	Position in subordination hierarchy	Represent the most subordinated claim in liquidation of the Bank. The paid up amount is neither secured nor covered by a guarantee of the issuer or related entity nor subject to any other arrangement that legally or economically enhances the seniority of the claim.
4.	Claim on residual assets	Entitled to a claim on the residual assets, which is proportional to its share of paid up capital, after all senior claims have been repaid in liquidation
5.	Perpetuity	Principal is perpetual and never repaid outside of liquidation (except discretionary repurchases / buy backs or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law as well as guidelines, if any, issued by RBI in the matter).

Sr. No.	Criteria	Full Terms and Conditions of Equity Shares of RBL Bank Limited
		The Bank does nothing to create an expectation at issuance that the instrument would be bought back, redeemed or cancelled nor do the statutory or contractual terms provide any feature which might give rise to such an expectation.
6.	Distributions	Distributions are paid out of distributable items (retained earnings included). The level of distributions is not in any way tied or linked to the amount paid up at issuance and is not subject to a contractual cap (except to the extent that a bank is unable to pay distributions that exceed the level of distributable items). There are no circumstances under which the distributions are obligatory. Non-payment is therefore not an event of default. Distributions are paid only after all legal and contractual obligations have been met and payments on more senior capital instruments have been made.
7.	Loss absorption	It is the paid up capital that takes the first and proportionately greatest share of any losses as they occur. Within the highest quality capital, each instrument absorbs losses on a going concern basis proportionately and paripassu with all the others.
8.	Accounting classification	The paid up amount is classified as equity capital. It is clearly and separately disclosed in the Bank's balance sheet.
9.	Directly issued and paid-up	Shares are directly issued and paid up. The Bank cannot directly or indirectly fund the purchase of its own common shares
10.	Approval for issuance	Paid up capital is only issued with the approval of the owners of the Bank, either given directly by the owners or, if permitted by applicable law, given by the Board of Directors or by other persons duly authorised by the owners