

## **Draft Guidelines on Composition of Capital Disclosure Requirements**

### **1. Introduction**

It was observed during the financial crisis that the level of detail of disclosures of capital positions made by banks were not very comprehensive. Besides, there was lack of consistency in the way these disclosures were made. Therefore, the market participants and the regulators / supervisors faced difficulties in making comprehensive assessments of the capital positions of banks, especially on a cross jurisdictional basis. It is often suggested that the lack of clarity on the quality of capital might have contributed to uncertainty and might have reduced the effectiveness of the interventions carried out by the relevant authorities during the crisis.

1.2 Banks may refer to the Circular DBOD.No.BP.BC.98/21/06.201/2011-12 dated May 2, 2012 on 'Guidelines on Implementation of Basel III Capital Regulations in India'. **Section D of Annex 1** of the guidelines listed out certain disclosure requirements to improve transparency of regulatory capital and to enhance market discipline. Further, it was also indicated that the Reserve Bank would issue appropriate Pillar 3 disclosure norms after finalisation of the same by the Basel Committee on Banking Supervision (BCBS). The Basel Committee has since issued its rules text on 'composition of capital disclosure requirements'<sup>1</sup>. Accordingly, Pillar 3 disclosure requirements as introduced under Basel III are detailed in the subsequent paragraphs of this circular. These new disclosure requirements will be in addition to the existing Pillar 3 guidance contained in the Master Circular DBOD.No.BP.BC.16 /21.06.001/2012-13 dated July 2, 2012 on Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework.

**1.3** In order to ensure comparability of the capital adequacy of banks across jurisdictions, it is important to disclose details of items of regulatory capital and various regulatory adjustments to it. Further, to improve consistency and ease of use of disclosures relating to the composition of capital and to mitigate the risk of

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<sup>1</sup> The rules text is at <http://www.bis.org/publ/bcbs221.htm>

inconsistent reporting format undermining the objective of enhanced disclosures, banks across Basel member jurisdictions are required to publish their capital positions according to common templates. The disclosure requirements are set out in the form of following templates:

**(i) Post March 31, 2017 disclosure template**

A common template which will be used by banks to report the details of their regulatory capital after March 31, 2017 i.e. after the transition period for the phasing-in of deductions is over. It is designed to meet the Basel III requirement to disclose all regulatory adjustments. The template enhances consistency and comparability in the disclosure of the elements of capital between banks and across jurisdictions.

**(ii) Template during the transitional period**

During the transition period of phasing-in of regulatory adjustments under Basel III in India i.e. from April 1, 2013 to March 31, 2017, banks will use a modified version of the post March 31, 2017 template. This template is designed to meet the Basel III requirement for banks to disclose the components of capital which will benefit from the transitional arrangements.

**(iii) Reconciliation requirements**

In order to meet the reconciliation requirements as envisaged under Basel III, a three-step approach has been devised. This step-by-step approach to reconciliation ensures that the Basel III requirement to provide a full reconciliation of all regulatory capital elements back to the published financial statements is met in a consistent manner.

**(iv) Main features template**

A common template has been designed to capture the main features of all regulatory capital instruments issued by a bank at one place. This disclosure requirement is intended to meet the Basel III requirement to provide a description of the main features of capital instruments.

**(v) Other disclosure requirements**

This disclosure enables banks in meeting the Basel III requirement to provide the full terms and conditions of capital instruments on their websites.

## **2. Implementation Date and Frequency of Reporting**

**2.1** As indicated in the circular DBOD.No.BP.BC.98 /21.06.201/2011-12 dated May 2, 2012 on 'Guidelines on Implementation of Basel III Capital Regulations in India', for the financial year ending March 31, 2013, banks will have to disclose the capital ratios computed under the existing guidelines (Basel II) on capital adequacy as well as those computed under the Basel III capital adequacy framework. However, the detailed Pillar 3 disclosure requirements as enumerated in this circular will be mandatory from June 30, 2013 (with the exception of the Post March 31, 2017 template).

**2.2** Banks are required to publish these disclosures on a quarterly basis, irrespective of whether the financial statements are audited. All disclosures will be made on banks' websites. In addition, these disclosures will also be made in the Annual Reports of banks. Further, whenever a bank publishes quarterly / half yearly financial reports (i.e. other than Annual Report), it is expected that Pillar 3 disclosures will be included along with such financial reports. However, in case it is considered inconvenient, banks must at a minimum, provide in these financial reports, a direct link to where the Pillar 3 disclosures can be found on the bank's website.

**2.3** In the case of main features template (Paragraph 7) and provision of the full terms and conditions of capital instruments (Paragraph 8), banks are required to update these disclosures whenever a new capital instrument is issued and included in capital or whenever there is a redemption, conversion / write-down or other material change in the nature of an existing capital instrument.

## **3. Regulatory Disclosure Section**

**3.1** Banks are required to make disclosures in the format as specified in this circular. Banks have to maintain a 'Regulatory Disclosures Section' on their websites, where all the information relating to disclosure of regulatory capital will be made available to the market participants. The direct link to this page should be prominently provided on the home page of a bank's website and it should be easily accessible. This requirement is essentially to ensure that the relevance / benefit of

Pillar 3 disclosures is not diminished by the challenge of finding the disclosure in the first place.

**3.2** An archive for at least three years of all templates relating to prior reporting periods should be made available by banks on their websites.

**3.3** As indicated in the Master Circular DBOD.No.BP.BC.16 /21.06.001/2012-13 dated July 2, 2012 on Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework, Pillar 3 disclosures will apply at the top consolidated level of the banking group. Therefore, disclosures related to individual banks within the groups would not generally be required to be made by the parent bank. However, Pillar 3 disclosures will be required to be made by the individual banks on a stand alone basis when they are not the top consolidated entity in the banking group.

#### **4. Post March 31, 2017 Disclosure Template**

**4.1** The common template which banks should use is set out in **Table 1 of Annex 1**, along with explanations. The template is designed to capture the capital positions of banks after the transition period for phasing-in of deductions is over as on March 31, 2017. This template has to be used by banks for all reporting periods after March 31, 2017.

**4.2** It may be noted that banks should not add or delete any rows / columns from the common reporting template. This is essential to ensure that there is no divergence in reporting templates across banks and across jurisdictions which could undermine the objectives of consistency and comparability of a bank's regulatory capital. The template will retain the same row numbering used in its first column such that market participants can easily map the Indian version of templates to the common version designed by the Basel Committee.

**4.3** The Basel Committee has suggested that in cases where the national implementation of Basel III rules<sup>2</sup> applies a more conservative definition of an element (e.g. components and criteria of regulatory capital, regulatory adjustments

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<sup>2</sup> As defined in the DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012 on Guidelines on Implementation of Basel III Capital Regulations in India.

etc.), national authorities may choose between one of two approaches listed below for the purpose of disclosure:

*Approach 1:* In the national version of the template, banks are required to maintain the same definitions<sup>3</sup> of all rows. Further, banks will have to report the impact of the more conservative national definition in the rows exclusively designated for national specific adjustments.

*Approach 2:* In the national version of the template, banks are required to use the definitions of elements as implemented in that jurisdiction<sup>4</sup>, clearly labelling them as being different from the Basel III minimum definition<sup>5</sup>, and banks are required to separately disclose the impact of each of these different definitions in the notes to the template.

**4.4** The aim of both the approaches is to provide all the information necessary to enable market participants to calculate the capital of banks on a common basis. In the Indian context, Approach 2 appears to be more practical and less burdensome for banks than the Approach 1. Under the Approach 2, banks have to furnish data based on the definition of capital / regulatory adjustments as implemented in India. The difference with the Basel III minimum can be separately disclosed and explained in notes to the templates. This way of disclosure will be more relevant and comprehensible to a larger number of users of disclosures more specifically, the domestic users. At the same time, information provided in the notes to the templates to indicate differences from Basel III minimum will help facilitate cross-jurisdictional comparison of banks capital, should users desire. Accordingly, the disclosure templates have been customised, keeping in view the consistency and comparability of disclosures.

## **5. Template during the transitional period**

**5.1** The transitional arrangements<sup>6</sup> create an additional layer of complexity in the composition of capital during the period from April 1, 2013 to March 31, 2017,

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<sup>3</sup> Basel III: A global regulatory framework for more resilient banks and banking systems, December 2010 (bcbs189.pdf)

<sup>4</sup> Refer to footnote 2.

<sup>5</sup> Refer to footnote 3

<sup>6</sup> Please refer Section E of Annex 1 of circular DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012 on Guidelines on Implementation of Basel III Capital Regulations in India.

especially due to existing treatments<sup>7</sup> (based on Basel II framework) of the residual regulatory adjustments. This necessitates setting out detailed disclosure requirements during this period in a manner which is comprehensible and beneficial for all users of the disclosures.

**5.2** Accordingly, banks will be required to use a modified version of the Post March 31, 2017 disclosure template (set out in paragraph 4 above). This modified template captures the existing treatments for the regulatory adjustments during the transition period. The Post March 31, 2017 template is modified in two ways:

- (i) an additional column is inserted to indicate the amount of regulatory adjustments which will be subject to the existing treatment; and
- (ii) additional rows are inserted in four separate places to indicate where the adjustment amount reported in the additional column actually affects capital during the transition period.

**5.3** The common template which banks must use during the transition period is set out in **Table 2 of Annex 1**. If a bank decides to make full transition to Basel III capital regulations before March 31, 2017, such bank may begin disclosure as set out in **Table 1 of Annex 1**. However, the bank should clearly state the reasons for using **Table 1** (i.e. Post March 31, 2017 template) in the disclosure.

## **6. Reconciliation requirements**

**6.1** Banks will be required to disclose a full reconciliation of all regulatory capital elements back to the balance sheet in the audited (or unaudited) financial statements. This requirement aims to address disconnect, if any, present in a bank's disclosure between the numbers used for the calculation of regulatory capital and the numbers used in the published financial statements.

**6.2** Banks will have to follow a three step approach to show the link between their balance sheet in their published financial statements and the numbers which are used in the definition of capital disclosure template set out in **Annex 1** (Table 1 / Table 2, whichever applicable). The three steps are explained below and also illustrated in **Table 3 of Annex 2**:

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<sup>7</sup> Existing treatment means treatment based on guidelines applicable before April 1, 2013. Please refer to Master Circular DBOD.No.BP.BC.16/21.06.001/2012-13 dated July 2, 2012 for the existing treatment.

Step 1: banks are required to disclose the reported balance sheet under the regulatory scope of consolidation<sup>8</sup>.

Step 2: banks will have to expand the lines of the balance sheet under regulatory scope of consolidation to display all components which are used in the composition of capital disclosure template (**Table 1 / Table 2 of Annex 1**).

Step 3: finally, banks will have to map each of the components that are disclosed in Step 2 to the composition of capital disclosure template set out in **Table 1 / Table 2 of Annex 1** whichever, applicable.

### **6.3** *Step 1: Disclose the reported balance sheet under the regulatory scope of consolidation*

6.3.1 The scope of consolidation for accounting purposes is often different from that applied for the regulatory purposes. Usually, there will be difference between the financial statements of a bank specifically, the bank's balance sheet in published financial statements and the balance sheet considered for the calculation of regulatory capital. Therefore, the reconciliation process involves disclosing how the balance sheet in the published financial statements changes when the regulatory scope of consolidation is applied for the purpose of calculation of regulatory capital on a consolidated basis.

6.3.2 Accordingly, banks are required to disclose the list of the legal entities which have been included within accounting scope of consolidation but excluded from the regulatory scope of consolidation. This is intended to help enable market participants and supervisors to investigate the risks posed by unconsolidated entities (e.g. unconsolidated subsidiaries). Similarly, banks are required to list the legal entities which have been included in the regulatory consolidation but not in the accounting scope of consolidation. Finally, it is possible that some entities are included in both the regulatory scope of consolidation and accounting scope of consolidation, but the method of consolidation differs between these two scopes. In such cases, banks are required to list these legal entities and explain the differences in the consolidation methods.

6.3.3 If the scope of regulatory consolidation and accounting consolidation is identical for a particular banking group, it would not be required to undertake Step 1.

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<sup>8</sup> Regulatory scope of consolidation is as explained in paragraph 3, Section B of Annex 1 of circular DBDO.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012.

The banking group would state that there is no difference between the regulatory consolidation and the accounting consolidation and move to Step 2.

6.3.4 In addition to the above requirements, banks must disclose for each legal entity, its total balance sheet assets, total balance sheet equity (as stated on the accounting balance sheet of the legal entity), method of consolidation and a description of the principle activities of the entity. These disclosures are required to be made as indicated in the revised **Table DF-1: Scope of Application in Annex 4**.

**6.4** *Step 2: Expand the lines of the regulatory balance sheet to display all of the components used in the definition of capital disclosure template (Table 1 / Table 2 of Annex 1)*

6.4.1 Many of the elements used in the calculation of regulatory capital may not be readily identified from the face of the balance sheet. This requires that banks should expand the rows of the balance sheet under regulatory scope of consolidation such that all the components used in the definition of capital disclosure template (**Table 1 / Table 2 of Annex 1**) are displayed separately.

6.4.2 For example, paid-up share capital may be reported as one line on the balance sheet. However, some elements of this may meet the requirements for inclusion in Common Equity Tier 1 (CET1) capital and other elements may only meet the requirements for Additional Tier 1 (AT1) or Tier 2 (T2) capital, or may not meet the requirements for inclusion in regulatory capital at all. Therefore, if a bank has some amount of paid-up capital which goes into the calculation of CET1 and some amount which goes into the calculation of AT1, it should expand the 'paid-up share capital' line of the balance sheet in the following way:

Paid-up share capital		Ref
of which amount eligible for CET1		e
of which amount eligible for AT1		f

6.4.3 In addition, as illustrated above, each element of the expanded balance sheet must be given a reference number / letter for use in Step 3.

6.4.4 As another example, one of the regulatory adjustments is the deduction of intangible assets. *Firstly*, there could be a possibility that the intangible assets may not be readily identifiable in the balance sheet. There is a possibility that the amount

on the balance sheet may combine goodwill and other intangibles. *Secondly*, the amount to be deducted is net of any related deferred tax liability. This deferred tax liability is likely to be reported in combination with other deferred tax liabilities which have no relation to goodwill or intangibles. Therefore, the bank should expand the balance sheet in the following way:

Goodwill and intangible assets		Ref
of which goodwill		a
of which other intangibles		b

Current and deferred tax liabilities (DTLs)		Ref
of which DTLs related to goodwill		c
of which DTLs related to other intangible assets		d

6.4.5 Banks will need to expand elements of the balance sheet only to the extent required to reach the components which are used in the definition of capital disclosure template. For example, if entire paid-up capital of the bank met the requirements to be included in CET1, the bank would not need to expand this line.

**6.5** *Step 3: Map each of the components that are disclosed in Step 2 to the composition of capital disclosure templates*

6.5.1 When reporting the disclosure template (i.e. Table 1 / Table 2 of Annex 1), a bank is required to use the reference numbers / letters from Step 2 to show the source of every input.

6.5.2 For example, if the composition of capital disclosure template (Table 1 / Table 2) includes the line 'goodwill net of related deferred tax liability', then next to this item the bank should put 'a - c'. This is required to illustrate that how these components of the balance sheet under the regulatory scope of consolidation have been used to calculate this item in the disclosure template.

**6.6** The three step approach is flexible and offers the following benefits:

- (i) the level of disclosure is proportionate, varying with the complexity of the balance sheet of the reporting bank (i.e. banks are not subject to a fixed template. A bank may skip a step if there is no further information added by that step);

(ii) supervisors and market participants can trace the origin of the elements of the regulatory capital back to their exact location on the balance sheet under the regulatory scope of consolidation; and

(iii) the approach is flexible enough to be used under any accounting standards. Banks are required to map all the components of the regulatory capital disclosure templates back to the balance sheet under the regulatory scope of consolidation, regardless of where the accounting standards require the source to be reported on the balance sheet.

## **7. Main features template**

**7.1** The existing Pillar 3 guidelines already require banks to provide qualitative disclosure which sets out “*Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments.*” However, the Basel Committee has observed that there is lack of consistency in both the level of detail provided and the format of the disclosure which makes the analysis and monitoring of such information difficult. Therefore, banks are required to complete a ‘main features template’ to ensure consistency and comparability of disclosures of the main features of capital instruments.

**7.2** Banks are required to disclose a description of the main features of capital instruments issued by them. Besides, banks will also be required to make available the full terms and conditions of their capital instruments (please see paragraph 8 below). The requirement of separately disclosing main features of capital instruments is intended to provide an overview of the capital structure of a bank. Many times, it may not be possible for the users to extract key features of capital instruments with ease from the full disclosure of terms and conditions of capital instruments made by banks.

**7.3** This template represents the minimum level of summary disclosure which banks are required to report in respect of **each** regulatory capital instrument issued. The main feature disclosure template is set out in **Table 4 of Annex 3** along with a description of each of the items to be reported.

**7.4** Some of the key aspects of the ‘main features template’ are as under:

(i) it is designed to be completed by banks from when the Basel III capital regulations come into effect as on April 1, 2013. Therefore, it includes disclosure relating to instruments which are subject to the transitional arrangements.

(ii) banks are required to report each capital instrument (including common shares) in a separate column of the template, such that the completed template would provide a 'main features report' that summarises all of the regulatory capital instruments of the banking group.

**7.5** Banks are required to keep the completed main features report up-to-date. Banks should ensure that the report is updated and made publicly available, whenever a bank issues or repays a capital instrument and whenever there is redemption, conversion / write-down or other material change in the nature of an existing capital instrument.

## **8. Other disclosure requirements**

In addition to the disclosure requirements set out in above paragraphs, banks are required to make the following disclosure in respect of the composition of capital:

### **8.1 Full terms and conditions**

Banks are required to make available on their websites<sup>9</sup> the full terms and conditions of all instruments included in regulatory capital. The requirement for banks to make available the full terms and conditions of instruments on their websites will allow supervisors and market participants to investigate the specific features of individual capital instruments.

**8.2** Banks are required to keep the terms and conditions of all capital instruments up-to-date. Whenever there is a change in the terms and conditions of a capital instrument, banks should update them promptly and make publicly available such updated disclosure.

## **9. Amendments to the existing disclosures**

**9.1** The new disclosure requirements as enumerated in this circular will be in addition to the existing Pillar 3 guidelines as contained in Part – C of the Master Circular DBOD.No.BP.BC.16 /21.06.001/2012-13 dated July 2, 2012 on Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework. However, with these new disclosure requirements, certain existitng

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<sup>9</sup> Please refer to paragraph 3.

guidelines need to be revised / deleted. The amendments suggested are indicated as under:

**9.1.1 Amendments / deletion to the existing Guidelines on Market Discipline**

(i) Paragraph 14.4 – scope and frequency of disclosure of the existing Master Circular on Capital Adequacy will be deleted.

(ii) Table DF-1: Scope of Application under Paragraph 14.12 will be amended as indicated in **Annex 4**.

(iii) Table DF-2: Capital Structure under Paragraph 14.12 will be deleted.

(iv) Table DF – 3: Capital Adequacy under Paragraph 14.12 will be amended as indicated in **Annex 5**.

**9.1.2 Additions to the existing Guidelines on Market Discipline**

(i) A new Table DF-11 on general disclosure for exposures related to counterparty credit risk will be added as indicated in **Annex 6**.

9.2 All other instructions on Pillar 3 will remain unchanged.

## **Annex 1**

### **Composition of Capital Disclosure Templates**

#### **Part A: Post March 31, 2017 Disclosure Template**

(i) The template is designed to capture the capital positions of banks after the transition period for the phasing-in of deductions ends on March 31, 2017. Certain rows are in *italics*. These rows will be deleted after all the ineligible capital instruments have been fully phased out (i.e. from April 1, 2022 onwards).

(ii) The reconciliation requirement in terms of paragraph 6 of these guidelines results in the decomposition of certain regulatory adjustments. For example, the disclosure template below includes the adjustment of 'Goodwill net of related tax liability'. The requirements will lead to the disclosure of both the goodwill component and the related tax liability component of this regulatory adjustment.

(iii) Certain rows of the template are shaded as explained below:

- a. each dark grey row introduces a new section detailing a certain component of regulatory capital.
- b. the light grey rows with no thick border represent the sum cells in the relevant section.
- c. the light grey rows with a thick border show the main components of regulatory capital and the capital ratios.

(iv) Also provided along with the Table, an explanation of each line of the template, with references to the appropriate paragraphs of the text of the circular on Basel III capital regulations<sup>10</sup>.

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<sup>10</sup> DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012 on Guidelines on Implementation of Basel III Capital Regulations in India.



**Table 1**

(Rs. in million)

<b>Basel III common disclosure template to be used from March 31, 2017</b>			
<b>Common Equity Tier 1 capital: instruments and reserves</b>			Ref No
1	Directly issued qualifying common share capital plus related stock surplus (share premium)		
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves)		
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies<sup>1</sup>)</i>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles (net of related tax liability)		
10	Deferred tax assets <sup>2</sup>		
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-up 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)		

<sup>1</sup> Not Applicable to commercial banks in India.

<sup>2</sup> In terms of Basel III rules text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted. DTAs which relate to temporary differences are to be treated under the "threshold deductions" as set out in paragraph 87. However, banks in India are required to deduct all DTAs, irrespective of their origin, from CET1 capital.

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) <sup>3</sup>		
20	Mortgage servicing rights <sup>4</sup> (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences <sup>5</sup> (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold <sup>6</sup>		
23	<i>of which: significant investments in the common stock of financials</i>		
24	<i>of which: mortgage servicing rights</i>		
25	<i>of which: deferred tax assets arising from temporary differences</i>		
26	National specific regulatory adjustments <sup>7</sup> (26a+26b+26c)		
26a	Investments in the equity capital of unconsolidated non-financial subsidiaries <sup>8</sup>		
26b	Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank <sup>9</sup>		
26c	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	<b>Total regulatory adjustments to Common equity Tier 1</b>		
29	<b>Common Equity Tier 1 capital (CET1)</b>		
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)		
31	<i>of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)</i>		
32	<i>of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)</i>		

<sup>3</sup> Insurance subsidiaries of a bank are not consolidated for the purpose of capital adequacy. The equity and other regulatory capital investments in insurance subsidiaries are fully deducted from consolidated regulatory capital of the banking group. However, in terms of Basel III rules text of the Basel Committee, insurance subsidiaries are included under significant investments and thus, deducted based on 10% threshold rule instead of full deduction.

<sup>4</sup> Not applicable in Indian context.

<sup>5</sup> Please refer to Footnote 2 above.

<sup>6</sup> Not applicable in Indian context.

<sup>7</sup> Adjustments which are not specific to the Basel III regulatory adjustments (as prescribed by the Basel Committee) will be reported under this row. However, regulatory adjustments which are linked to Basel III i.e. where there is a change in the definition of the Basel III regulatory adjustments, the impact of these changes will be explained in the Notes of this disclosure template.

<sup>8</sup> Non-financial subsidiaries are not consolidated for the purpose of capital adequacy. The equity and other regulatory capital investments in the non-financial subsidiaries are deducted from consolidated regulatory capital of the group. These investments are not required to be deducted fully from capital under Basel III rules text of the Basel Committee.

<sup>9</sup> Please refer to Paragraph 3.2.5; Section B of Annex 1 of the circular. DBOD.No. BP.BC.98/21.06.201/2011-12 dated May 2, 2012 (hereinafter, referred to as "Circular". Please also refer to the Paragraph 34 of the Basel II Framework issued by the Basel Committee (June 2006). Though this is not national specific adjustment, it is reported here.

33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>		
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
36	<b>Additional Tier 1 capital before regulatory adjustments</b>		
<b>Additional Tier 1 capital: regulatory adjustments</b>			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) <sup>10</sup>		
41	National specific regulatory adjustments (41a+41b)		
41a	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
41b			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>		
44	<b>Additional Tier 1 capital (AT1)</b>		
44a	<b>Additional Tier 1 capital reckoned for capital adequacy<sup>11</sup></b>		
45	<b>Tier 1 capital (T1 = CET1 + Admissible AT1) (row 29 + row 44a)</b>		
<b>Tier 2 capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>		
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
50	Provisions <sup>12</sup>		
51	<b>Tier 2 capital before regulatory adjustments</b>		
<b>Tier 2 capital: regulatory adjustments</b>			

<sup>10</sup> Please refer to Footnote 3

<sup>11</sup> Please refer paragraph 2.2.7; Section A of Annex 1 of the Circular.

<sup>12</sup> Eligible Provisions and revaluation Reserves in terms of paragraph 2.5, Section A of Annex 1 of the Circular both to be reported and break-up of these two items to be furnished in Notes.

52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) <sup>13</sup>		
56	National specific regulatory adjustments - Total		
56a	Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
57	<b>Total regulatory adjustments to Tier 2 capital</b>		
58	<b>Tier 2 capital (T2)</b>		
58a	<b>Tier 2 capital reckoned for capital adequacy<sup>14</sup></b>		
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>		
58c	<b>Total Tier 2 capital admissible for capital adequacy (row 58a + row 58b)</b>		
59	<b>Total capital (TC = T1 + Admissible T2) (row 45 + row 58c)</b>		
60	<b>Total risk weighted assets (row 60a + row 60b + row 60c)</b>		
60a	<i>of which: total credit risk weighted assets</i>		
60b	<i>of which: total market risk weighted assets</i>		
60c	<i>of which: total operational risk weighted assets</i>		
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)		
62	Tier 1 (as a percentage of risk weighted assets)		
63	Total capital (as a percentage of risk weighted assets)		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)		
65	<i>of which: capital conservation buffer requirement</i>		
66	<i>of which: bank specific countercyclical buffer requirement</i>		
67	<i>of which: G-SIB buffer requirement</i>		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		
<b>National minima (if different from Basel III)</b>			

<sup>13</sup> Please refer to Footnote 3

<sup>14</sup> Please refer paragraph 2.2.7; Section A of Annex 1 of the Circular.

69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		
70	National Tier 1 minimum ratio (if different from Basel III minimum)		
71	National total capital minimum ratio (if different from Basel III minimum)		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Non-significant investments in the capital of other financials		
73	Significant investments in the common stock of financials		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
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)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>		
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>		
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>		
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>		
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>		
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>		

### Notes to the Template

Row No. of the template	Particular	(Rs. in million)
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	
	Total as indicated in row 10	
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	
	of which: Increase in Common Equity Tier 1 capital	

	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
50	Eligible Provisions included in Tier 2	
	Eligible Revaluation Reserves included in Tier 2	
	Total of row 50	
44a	Excess AT1 not reckoned for capital adequacy (difference between AT1 as reported in row 44 and admissible AT1 as reported in 44a	
	of which: Excess AT1 which is considered as Tier 2 capital under row 58b	
58a	Excess T2 not reckoned for capital adequacy (difference between T2 as reported in row 58 and T2 as reported in 58a	

<b>Explanation of each row of the common disclosure template</b>	
<b>Row No.</b>	<b>Explanation</b>
1	Instruments issued by the parent bank of the reporting banking group which meet all of the CET1 entry criteria set out in Paragraph 2.3; Section A of Annex 1 (read with Appendix 2 / Appendix 3) of circular DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012 ( hereinafter, referred to as “Circular”), as applicable. This should be equal to the sum of common shares (and related surplus only) which must meet the common shares criteria. This should be net of treasury stock and other investments in own shares to the extent that these are already derecognised on the balance sheet under the relevant accounting standards. Other paid-up capital elements must be excluded. All minority interest must be excluded.
2	Retained earnings, prior to all regulatory adjustments. In accordance with Paragraph 2.3; Section A of Annex 1 of the Circular,
3	Accumulated other comprehensive income and other disclosed reserves, prior to all regulatory adjustments.
4	Banks must report zero in this row.
5	Common share capital issued by subsidiaries and held by third parties. Only the amount that is eligible for inclusion in group CET1 should be reported here, as determined by the application of paragraph 3.4; Section B of Annex 1 of the circular. (also, please see Appendix 8 for example).
6	Sum of rows 1 to 5.
7	Valuation adjustments according to the requirements of paragraph 8.8 of circular DBOD.No.BP.BC.16/21.06.001/2012-12 dated July 2, 2012 (hereinafter referred to as “Master Circular”).
8	Goodwill net of related tax liability, as set out in paragraph 4.1; section C of Annex 1 of the Circular.
9	Intangibles (net of related tax liability), as set out in paragraph 4.1; section C of Annex 1 of the Circular.
10	Deferred tax assets (net of related tax liability), as set out in paragraph 4.2; Section C of Annex 1 of the Circular.
11	The element of the cash-flow hedge reserve described in paragraph 4.3;

	Section C of Annex 1 of the Circular.
12	Shortfall of provisions to expected losses as described in paragraph 4.4; Section C of Annex 1 of the Circular
13	Securitisation gain on sale as described in paragraph 4.5; Section C of Annex 1 of the Circular.
14	Gains and losses due to changes in own credit risk on fair valued liabilities, as described in paragraph 4.6; Section C of Annex 1 of the Circular.
15	Defined-benefit pension fund net assets, the amount to be deducted as set out in paragraphs 4.7; Section C of Annex 1 of the Circular..
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet), as set out in paragraph 4.8; Section C of Annex 1 of the Circular.
17	Reciprocal cross-holdings in common equity, as set out in paragraph 4.9.2.1; Section C of Annex 1 of the Circular.
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank does not own more than 10% of the issued share capital (amount above 10% threshold), amount to be deducted from CET1 in accordance with paragraph 4.9.2.2; Section C of Annex 1 of the Circular .
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold), amount to be deducted from CET1 in accordance with paragraph 4.9.2.3; Section C of Annex 1 of the Circular.
20	Not relevant
21	Not relevant
22	Not relevant
23	Not relevant
24	Not relevant
25	Not relevant
26	Any national specific regulatory adjustments that national authorities required to be applied to CET1 in addition to the Basel III minimum set of adjustments (i.e. in terms of document issued by the Basel Committee on Banking supervision).
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 to cover deductions. If the amount reported in row 43 exceeds the amount reported in row 36 the excess is to be reported here.
28	Total regulatory adjustments to Common equity Tier 1, to be calculated as the sum of rows 7 to 22 plus row 26 and 27.
29	Common Equity Tier 1 capital (CET1), to be calculated as row 6 minus row 28.
30	Instruments that meet all of the AT1 entry criteria set out in paragraph 2.4, Section A of Annex 1 of the Circular. All instruments issued of subsidiaries of the consolidated group should be excluded from this row.
31	The amount in row 30 classified as equity under applicable accounting standards.
32	The amount in row 30 classified as liabilities under applicable accounting standards.
33	Directly issued capital instruments subject to phase out from Additional Tier 1 in accordance with the requirements of paragraph 6.4; Section E of Annex

	1 of the Circular.
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties, the amount allowed in group AT1 in accordance with paragraph 3.4; Section B of Annex 1 of the Circular (please see Appendix 8 for example).
35	The amount reported in row 34 that relates to instruments subject to phase out from AT1 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the Circular.
36	The sum of rows 30, 33 and 34.
37	Investments in own Additional Tier 1 instruments, amount to be deducted from AT1 in accordance with paragraph 4.8; Section C of Annex 1 of the Circular.
38	Reciprocal cross-holdings in Additional Tier 1 instruments, amount to be deducted from AT1 in accordance with paragraph 4.9.2.1; Section C of Annex 1 of the Circular.
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank does not own more than 10% of the issued common share capital of the entity (net of eligible short positions), amount to be deducted from AT1 in accordance with paragraph 4.9.2.2; Section C of Annex 1 of the Circular.
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), amount to be deducted from AT1 in accordance with paragraph 4.9.2.3; Section C of Annex 1 of the Circular.
41	Any national specific regulatory adjustments that national authorities require to be applied to AT1 in addition to the Basel III minimum set of adjustments (i.e. in terms of document issued by the Basel Committee on Banking supervision).
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions. If the amount reported in row 57 exceeds the amount reported in row 51 the excess is to be reported here.
43	The sum of rows 37 to 42.
44	Additional Tier 1 capital, to be calculated as row 36 minus row 43.
45	Tier 1 capital, to be calculated as row 29 plus row 44a.
46	Instruments that meet all of the Tier 2 entry criteria set out in paragraph 2.5, Section A of Annex 1 of the Circular. All instruments issued of subsidiaries of the consolidated group should be excluded from this row. Provisions and Revaluation Reserves should not be included in Tier 2 in this row.
47	Directly issued capital instruments subject to phase out from Tier 2 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the Circular.
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 32) issued by subsidiaries and held by third parties (amount allowed in group Tier 2), in accordance with paragraph 3.4; Section B of Annex 1 of the Circular.
49	The amount reported in row 48 that relates to instruments subject to phase out from T2 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the Circular.
50	Provisions and Revaluation Reserves included in Tier 2, calculated in

	accordance with paragraph 2.5, Section A of Annex 1 of the Circular
51	The sum of rows 46 to 48 and row 50.
52	Investments in own Tier 2 instruments, amount to be deducted from Tier 2 in accordance with paragraph 4.8; Section C of Annex 1 of the Circular.
53	Reciprocal cross-holdings in Tier 2 instruments, amount to be deducted from Tier 2 in accordance with paragraph 4.9.2.1; Section C of Annex 1 of the Circular.
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank does not own more than 10% of the issued common share capital of the entity (net of eligible short positions), amount to be deducted from Tier 2 in accordance with paragraph 4.9.2.2; Section C of Annex 1 of the Circular.
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), amount to be deducted from Tier 2 in accordance with paragraph 4.9.2.3; Section C of Annex 1 of the Circular.
56	Any national specific regulatory adjustments that national authorities require to be applied to Tier 2 in addition to the Basel III minimum set of adjustments.
57	The sum of rows 52 to 56.
58	Tier 2 capital, to be calculated as row 51 minus row 57.
59	Total capital, to be calculated as row 45 plus row 58c.
60	Total risk weighted assets of the reporting group. Details to be furnished under rows 60a, 60b and 60c.
61	Common Equity Tier 1 (as a percentage of risk weighted assets), to be calculated as row 29 divided by row 60 (expressed as a percentage).
62	Tier 1 ratio (as a percentage of risk weighted assets), to be calculated as row 45 divided by row 60 (expressed as a percentage).
63	Total capital ratio (as a percentage of risk weighted assets) , to be calculated as row 59 divided by row 60 (expressed as a percentage).
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets). To be calculated as 5.5% plus 2.5% capital conservation buffer plus the bank specific countercyclical buffer requirement whenever activated and applicable plus the bank G-SIB requirement (where applicable) as set out in <i>Global systemically important banks: assessment methodology and the additional loss absorbency requirement: Rules text (November 2011)</i> . This row will show the CET1 ratio below which the bank will become subject to constraints on distributions.
65	The amount in row 64 (expressed as a percentage of risk weighed assets) that relates to the capital conservation buffer), ie banks will report 2.5% here.
66	The amount in row 64 (expressed as a percentage of risk weighed assets) that relates to the bank specific countercyclical buffer requirement.
67	The amount in row 64 (expressed as a percentage of risk weighed assets) that relates to the bank's G-SIB requirement.
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets). To be calculated as the CET1 ratio of the bank, less any

	common equity used to meet the bank's minimum Tier 1 and minimum Total capital requirements.
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum). 5.5% should be reported
70	National Tier 1 minimum ratio (if different from Basel III minimum). 7% should be reported
71	National total capital minimum ratio (if different from Basel III minimum). 9% should be reported
72	Non-significant investments in the capital of other financials, the total amount of such holdings that are not reported in row 18, row 39 and row 54.
73	Significant investments in the common stock of financials, the total amount of such holdings that are not reported in row 19
74	Mortgage servicing rights, the total amount of such holdings that are not reported in row 19 and row 23- Not Applicable in India.
75	Deferred tax assets arising from temporary differences, the total amount of such holdings that are not reported in row 21 and row 25. – Not applicable in India.
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular , prior to the application of the cap.
77	Cap on inclusion of provisions in Tier 2 under standardised approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular.
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular.
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular.
80	Current cap on CET1 instruments subject to phase out arrangements, see paragraph 6.5; Section E of Annex 1 of the Circular.
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities), 6.5; Section E of Annex 1 of the Circular.
82	Current cap on AT1 instruments subject to phase out arrangements, see paragraph 6.4; Section E of Annex 1 of the Circular.
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities), see paragraph 6.5; Section E of Annex 1 of the Circular.
84	Current cap on T2 instruments subject to phase out arrangements, see paragraph 6.5; Section E of Annex 1 of the Circular.
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities), see paragraph 6.5; Section E of Annex 1 of the Circular.

## **Part B: Disclosure Template during the transition phase**

(i) The template that banks must use during the transition phase is the same as the Post March 31, 2017 disclosure template set out in Part A above, except for the following additions (all of which are highlighted in the template below using cells with dotted borders and capitalised text):

- A new column has been added for banks to report the amount of each regulatory adjustment that is subject to the existing national treatment during the transition phase (labelled as the “pre-Basel III treatment”).

- Example 1: In 2013, banks are required to make 20% of the regulatory adjustments in terms of transitional arrangements provided in accordance with Basel III capital regulations. Consider a bank with ‘goodwill, net of related tax liability’ of Rs.10 million. Currently, this is not required to be deducted from Common Equity Tier 1. Therefore, banks will report Rs. 2 million in the first of the two empty cells in row 8 and report Rs. 8 million in the second of the two cells. The sum of the two cells will therefore equal the total Basel III regulatory adjustment.

- While the new column shows the amount of each regulatory adjustment that is subject to the existing treatment, it is necessary to show how this amount is included under existing treatment in the calculation of regulatory capital. Therefore, new rows have been added in each of the three sections on regulatory adjustments to show the existing treatment.

- Example 2: Continuing from the above example, in terms of existing treatment goodwill is to be deducted from Tier 1 capital. Therefore, a new row is inserted in between rows 41 and 42 (**please refer to Table 2 below**), to indicate that during the transition phase some goodwill will continue to be deducted from Tier 1 (i.e. in effect from Additional Tier 1). Therefore, Rs. 8 million which is reported in the last cell of row 8 will be reported in this new row inserted between rows 41 and 42.

(ii) In addition to the phasing-in of some regulatory adjustments described above, the transition period of Basel III will in some cases result in the phasing-out of previous prudential adjustments. In these cases the new rows added in each of the three sections on regulatory adjustments will be used by jurisdictions to set out the impact of the phase-out.

- Example 3: Consider a jurisdiction that currently filters out unrealised gains and losses on holdings of AFS debt securities and consider a bank in

that jurisdiction that has an unrealised loss of \$50 mn. The transitional arrangements provided by the Basel Committee require this bank to recognise 20% of this loss (i.e. \$10 mn) in 2014. This means that 80% of this loss (i.e. \$40 mn) is not recognised. The jurisdiction will therefore include a row between rows 26 and 27 that allows banks to add back this unrealised loss. The bank will then report \$40 mn in this row as an addition to Common Equity Tier 1.

- To take account of the fact that the existing treatment of a Basel III regulatory adjustment may be to apply a risk weighting, new rows have been added immediately prior to the row on risk weighted assets (row 60).

- Example 4: Consider that a bank currently risk weights defined benefit pension fund net assets at 100%. In 2013 the bank has Rs. 50 million of these assets. The transitional arrangements require this bank to deduct 20% of the assets in 2013. This means that the bank will report Rs. 10 million in the first empty cell in row 15 and Rs. 40 million in the second empty cell (the total of the two cells therefore, equals the total Basel III regulatory adjustment). The bank will disclose in one of the rows inserted between row 59 and 60 that such assets are risk weighted at 100% during the transitional phase. The bank will then be required to report a figure of Rs. 40 million (Rs. 40 million \* 100%) in that row.

- Example 5: Consider a case wherein the investments in the capital of financial entity of Rs. 100 million qualify for risk weighting of 125% under existing treatment. Consider that these investments will now be deducted from Common Equity Tier 1 capital under Basel III. In 2013, in terms of transitional arrangements, the bank needs to deduct Rs. 20 million of investments and report in the first empty cell in row 18 and Rs. 80 million in the second empty cell. Then the bank will disclose in one of the row inserted between row 59 and row 60 that such assets are risk weighted at 125% during the transitional phase. The bank will then be required to report an amount of Rs. 100 million (Rs. 80 million \* 125%) in that row.

- As explained in above examples and as can be seen from the reporting template (Table 2 below), new rows have been added in each of the three sections on regulatory adjustments to show the existing treatment. These three sections are between row 26 and 27, row 41 and 42 and row 56 and 57. Banks have the flexibility to add as many rows as required to show each of the pre-Basel III treatment (i.e. existing treatment) during the transition period.

- Similarly, another section is added between row 59 and row 60, in respect of risk weighted assets to show existing treatment of risk weighting. Banks have the flexibility to add as many rows as required to show each of the pre-Basel III (i.e. existing treatment) of risk weighting during the transition period.



Table 2

(Rs. in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from March 31, 2013 to December 31, 2017)			AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	Ref No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)			
2	Retained earnings			
3	Accumulated other comprehensive income (and other reserves)			
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies<sup>1</sup>)</i>			
	<b>Public sector capital injections grandfathered until 1 January 2018</b>			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>			
<b>Common Equity Tier 1 capital: regulatory adjustments</b>				
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)			
9	Intangibles other than mortgage-servicing rights (net of related tax liability)			
10	Deferred tax assets <sup>2</sup>			
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			

<sup>1</sup> Not applicable to commercial banks in India

<sup>2</sup> In terms of Basel III rules text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted. DTAs which relate to temporary differences are to be treated under the "threshold deductions" as set out in paragraph 87. However, banks in India are required to deduct all DTAs, irrespective of their origin, from CET1.

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) <sup>3</sup>			
20	Mortgage servicing rights <sup>4</sup> (amount above 10% threshold)			
21	Deferred tax assets arising from temporary differences <sup>5</sup> (amount above 10% threshold, net of related tax liability)			
22	Amount exceeding the 15% threshold <sup>6</sup>			
23	of which: significant investments in the common stock of financials			
24	of which: mortgage servicing rights			
25	of which: deferred tax assets arising from temporary differences			
26	National specific regulatory adjustments <sup>7</sup>			
26a	Investments in the equity capital of unconsolidated non-financial subsidiaries <sup>8</sup>			
26b	Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank <sup>9</sup>			

<sup>3</sup> Insurance subsidiaries of a bank are not consolidated for the purpose of capital adequacy. The equity and other regulatory capital investments in insurance subsidiaries are fully deducted from consolidated regulatory capital of the banking group. However, in terms of Basel III rules text of the Basel Committee, insurance subsidiaries are included under significant investments and thus, deducted based on 10% threshold rule instead of full deduction.

<sup>4</sup> Not applicable in Indian context.

<sup>5</sup> Please refer to Footnote 2 above.

<sup>6</sup> Not applicable in Indian context.

<sup>7</sup> Adjustments which are not specific to the Basel III regulatory adjustments (as prescribed by the Basel Committee) will be reported under this row. However, regulatory adjustments which are linked to Basel III i.e. where there is a change in the definition of the Basel III regulatory adjustments, the impact of these changes will be explained in the Notes of this disclosure template.

<sup>8</sup> Non-financial subsidiaries are not consolidated for the purpose of capital adequacy. The equity and other regulatory capital investments in the non-financial subsidiaries are deducted from consolidated regulatory capital of the group. These investments are not required to be fully deducted from capital under Basel III rules text of the Basel Committee.

<sup>9</sup> Please refer to Paragraph 3.2.5; Section B of Annex 1 of the Circular DBOD. No. BP.BC.98 /21.06.201 /2011-12 dated May 2, 2012 (hereinafter, referred to as "Circular". Please also refer to the Paragraph 34

26c	Unamortised pension funds expenditures			
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
	OF WHICH: [INSERT NAME OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)			
	OF WHICH: [INSERT NAME OF ADJUSTMENT e.g. DTAs]			
	OF WHICH: [INSERT NAME OF ADJUSTMENT e.g. intangible assets]			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions			
28	<b>Total regulatory adjustments to Common equity Tier 1</b>			
29	<b>Common Equity Tier 1 capital (CET1)</b>			
<b>Additional Tier 1 capital: instruments</b>				
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	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>			
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>			
36	<b>Additional Tier 1 capital before regulatory adjustments</b>			
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own Additional Tier 1 instruments			
38	Reciprocal cross-holdings in Additional Tier 1 instruments			
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of			

of the Basel II Framework issued by the Basel Committee (June 2006). Though this is not national specific adjustment, it is reported here.

	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 <sup>10</sup> )			
41	National specific regulatory adjustments			
41a	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank			
41b				
	REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
	OF WHICH: [INSERT NAME OF ADJUSTMENT e.g. DTAs]			
	OF WHICH: [INSERT NAME OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]			
	OF WHICH: [INSERT NAME OF ADJUSTMENT]			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions			
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>			
44	<b>Additional Tier 1 capital (AT1)</b>			
44a	<b>Additional Tier 1 capital reckoned for capital adequacy<sup>11</sup></b>			
45	<b>Tier 1 capital (T1 = CET1 + AT1) (row 29 + row 44a)</b>			
<b>Tier 2 capital: instruments and provisions</b>				
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	<i>of which: instruments issued by subsidiaries subject to phase out</i>			

<sup>10</sup> Please refer to Footnote 3

<sup>11</sup> Please refer paragraph 2.2.7; Section A of Annex 1 of the Circular.

50	Provisions <sup>12</sup>			
51	<b>Tier 2 capital before regulatory adjustments</b>			
<b>Tier 2 capital: regulatory adjustments</b>				
52	Investments in own Tier 2 instruments			
53	Reciprocal cross-holdings in Tier 2 instruments			
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)			
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions <sup>13</sup> )			
56	National specific regulatory adjustments (56a+56b)			
56a	Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank			
56b				
	REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
	OF WHICH: [INSERT NAME OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]			
	OF WHICH: [INSERT NAME OF ADJUSTMENT			
57	<b>Total regulatory adjustments to Tier 2 capital</b>			
58	<b>Tier 2 capital (T2)</b>			
58a	<b>Tier 2 capital reckoned for capital adequacy<sup>14</sup></b>			
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>			
58c	<b>Total Tier 2 capital admissible for capital adequacy (row 58a + row 58b)</b>			
59	<b>Total capital (TC = T1 + T2) (row 45+row 58c)</b>			

<sup>12</sup> Eligible Provisions and revaluation Reserves in terms of paragraph 2.5, Section A of Annex 1 of the Circular both to be reported and break-up of these two items to be furnished in Notes.

<sup>13</sup> Please refer to Footnote 3.

<sup>14</sup> Please refer paragraph 2.2.7; Section A of Annex 1 of the Circular.

	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT			
	OF WHICH: [INSERT NAME OF ADJUSTMENT]			
	OF WHICH: ...			
60	<b>Total risk weighted assets (row 60a +row 60b +row 60c)</b>			
60a	<i>of which: total credit risk weighted assets</i>			
60b	<i>of which: total market risk weighted assets</i>			
60c	<i>of which: total operational risk weighted assets</i>			
<b>Capital ratios</b>				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)			
62	Tier 1 (as a percentage of risk weighted assets)			
63	Total capital (as a percentage of risk weighted assets)			
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)			
65	<i>of which: capital conservation buffer requirement</i>			
66	<i>of which: bank specific countercyclical buffer requirement</i>			
67	<i>of which: G-SIB buffer requirement</i>			
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)			
<b>National minima (if different from Basel III)</b>				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)			
70	National Tier 1 minimum ratio (if different from Basel III minimum)			
71	National total capital minimum ratio (if different from Basel III minimum)			
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Non-significant investments in the capital of other financials			
73	Significant investments in the common stock of financials			
74	Mortgage servicing rights (net of related tax liability)			

75	Deferred tax assets arising from temporary differences (net of related tax liability)			
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
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)			
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach			
<b>Capital instruments subject to phase-out arrangements (only applicable between April 1, 2018 and March 31, 2022)</b>				
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>			
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>			
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>			
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>			
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>			
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>			

## Notes to the Template

Row No. of the template	Particular	Rs.in million
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	
	Total as indicated in row 10	
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	
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
50	Eligible Provisions included in Tier 2	
	Eligible Revaluation Reserves included in Tier 2	
	Total of row 50	
44a	Excess AT1 not reckoned for capital adequacy (difference between AT1 as reported in row 44 and admissible AT1 as reported in 44a	
	of which: Excess AT1 which is considered as Tier 2 capital under row 58b	
58a	Excess T2 not reckoned for capital adequacy (difference between T2 as reported in row 58 and T2 as reported in 58a	

Explanation of each row of the common disclosure template	
Row No	Explanation
1	Instruments issued by the parent bank of the reporting banking group which meet all of the CET1 entry criteria set out in Paragraph 2.3; Section A of Annex 1(read with Appendix 2 / Appendix 3) of circular DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012 ( hereinafter, referred to as “Circular”), as applicable. This should be equal to the sum of common shares (and related surplus only) which must meet the common shares criteria. This should be net of treasury stock and other investments in own shares to the extent that these are already derecognised on the balance sheet under the relevant accounting standards. Other paid-up capital elements must be excluded. All minority interest must be excluded.
2	Retained earnings, prior to all regulatory adjustments. In accordance with Paragraph 2.3; Section A of Annex 1 of the Circular.

3	Accumulated other comprehensive income and other disclosed reserves, prior to all regulatory adjustments.
4	Banks must report zero in this row.
5	Common share capital issued by subsidiaries and held by third parties. Only the amount that is eligible for inclusion in group CET1 should be reported here, as determined by the application of paragraph 3.4; Section B of Annex 1 of the circular. (also, please see Appendix 8 for example).
6	Sum of rows 1 to 5.
7	Valuation adjustments according to the requirements of paragraph 8.8 of circular DBOD.No.BP.BC.16/21.06.001/2012-12 dated July 2, 2012 (hereinafter referred to as "Master Circular").
8	Goodwill net of related tax liability, as set out in paragraph 4.1; section C of Annex 1 of the Circular.
9	Intangibles (net of related tax liability), as set out in paragraph 4.1; section C of Annex 1 of the Circular.
10	Deferred tax assets (net of related tax liability), as set out in paragraph 4.2; Section C of Annex 1 of the Circular.
11	The element of the cash-flow hedge reserve described in paragraph 4.3; Section C of Annex 1 of the Circular.
12	Shortfall of provisions to expected losses as described in paragraph 4.4; Section C of Annex 1 of the Circular
13	Securitisation gain on sale as described in paragraph 4.5; Section C of Annex 1 of the Circular.
14	Gains and losses due to changes in own credit risk on fair valued liabilities, as described in paragraph 4.6; Section C of Annex 1 of the Circular.
15	Defined-benefit pension fund net assets, the amount to be deducted as set out in paragraphs 4.7; Section C of Annex 1 of the Circular..
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet), as set out in paragraph 4.8; Section C of Annex 1 of the Circular.
17	Reciprocal cross-holdings in common equity, as set out in paragraph 4.9.2.1; Section C of Annex 1 of the Circular.
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank does not own more than 10% of the issued share capital (amount above 10% threshold), amount to be deducted from CET1 in accordance with paragraph 4.9.2.2; Section C of Annex 1 of the Circular .
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold), amount to be deducted from CET1 in accordance with paragraph 4.9.2.3; Section C of Annex 1 of the Circular.
20	Not relevant
21	Not relevant
22	Not relevant
23	Not relevant
24	Not relevant
25	Not relevant
26	Any national specific regulatory adjustments that national authorities

	required to be applied to CET1 in addition to the Basel III minimum set of adjustments (i.e. in terms of document issued by the Basel Committee on Banking supervision).
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 to cover deductions. If the amount reported in row 43 exceeds the amount reported in row 36 the excess is to be reported here.
28	Total regulatory adjustments to Common equity Tier 1, to be calculated as the sum of rows 7 to 22 plus row 26 and 27.
29	Common Equity Tier 1 capital (CET1), to be calculated as row 6 minus row 28.
30	Instruments that meet all of the AT1 entry criteria set out in paragraph 2.4, Section A of Annex 1 of the Circular. All instruments issued of subsidiaries of the consolidated group should be excluded from this row.
31	The amount in row 30 classified as equity under applicable accounting standards.
32	The amount in row 30 classified as liabilities under applicable accounting standards.
33	Directly issued capital instruments subject to phase out from Additional Tier 1 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the Circular.
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties, the amount allowed in group AT1 in accordance with paragraph 3.4; Section B of Annex 1 of the Circular (please see Appendix 8 for example).
35	The amount reported in row 34 that relates to instruments subject to phase out from AT1 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the Circular.
36	The sum of rows 30, 33 and 34.
37	Investments in own Additional Tier 1 instruments, amount to be deducted from AT1 in accordance with paragraph 4.8; Section C of Annex 1 of the Circular.
38	Reciprocal cross-holdings in Additional Tier 1 instruments, amount to be deducted from AT1 in accordance with paragraph 4.9.2.1; Section C of Annex 1 of the Circular.
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank does not own more than 10% of the issued common share capital of the entity (net of eligible short positions), amount to be deducted from AT1 in accordance with paragraph 4.9.2.2; Section C of Annex 1 of the Circular.
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), amount to be deducted from AT1 in accordance with paragraph 4.9.2.3; Section C of Annex 1 of the Circular.
41	Any national specific regulatory adjustments that national authorities require to be applied to AT1 in addition to the Basel III minimum set of adjustments (i.e. in terms of document issued by the Basel Committee on Banking supervision).
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient

	Tier 2 to cover deductions. If the amount reported in row 57 exceeds the amount reported in row 51 the excess is to be reported here.
43	The sum of rows 37 to 42.
44	Additional Tier 1 capital, to be calculated as row 36 minus row 43.
45	Tier 1 capital, to be calculated as row 29 plus row 44a.
46	Instruments that meet all of the Tier 2 entry criteria set out in paragraph 2.5, Section A of Annex 1 of the Circular. All instruments issued of subsidiaries of the consolidated group should be excluded from this row. Provisions and Revaluation Reserves should not be included in Tier 2 in this row.
47	Directly issued capital instruments subject to phase out from Tier 2 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the Circular.
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 32) issued by subsidiaries and held by third parties (amount allowed in group Tier 2), in accordance with paragraph 3.4; Section B of Annex 1 of the Circular.
49	The amount reported in row 48 that relates to instruments subject to phase out from T2 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the Circular.
50	Provisions and Revaluation Reserves included in Tier 2, calculated in accordance with paragraph 2.5, Section A of Annex 1 of the Circular
51	The sum of rows 46 to 48 and row 50.
52	Investments in own Tier 2 instruments, amount to be deducted from Tier 2 in accordance with paragraph 4.8; Section C of Annex 1 of the Circular.
53	Reciprocal cross-holdings in Tier 2 instruments, amount to be deducted from Tier 2 in accordance with paragraph 4.9.2.1; Section C of Annex 1 of the Circular.
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank does not own more than 10% of the issued common share capital of the entity (net of eligible short positions), amount to be deducted from Tier 2 in accordance with paragraph 4.9.2.2; Section C of Annex 1 of the Circular.
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), amount to be deducted from Tier 2 in accordance with paragraph 4.9.2.3; Section C of Annex 1 of the Circular.
56	Any national specific regulatory adjustments that national authorities require to be applied to Tier 2 in addition to the Basel III minimum set of adjustments.
57	The sum of rows 52 to 56.
58	Tier 2 capital, to be calculated as row 51 minus row 57.
59	Total capital, to be calculated as row 45 plus row 58c.
60	Total risk weighted assets of the reporting group. Details to be furnished under rows 60a, 60b and 60c.
61	Common Equity Tier 1 (as a percentage of risk weighted assets), to be calculated as row 29 divided by row 60 (expressed as a percentage).
62	Tier 1 ratio (as a percentage of risk weighted assets), to be calculated as row 45 divided by row 60 (expressed as a percentage).

63	Total capital ratio (as a percentage of risk weighted assets), to be calculated as row 59 divided by row 60 (expressed as a percentage).
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets). To be calculated as 5.5% plus 2.5% capital conservation buffer plus the bank specific countercyclical buffer requirement whenever activated and applicable plus the bank G-SIB requirement (where applicable) as set out in <i>Global systemically important banks: assessment methodology and the additional loss absorbency requirement: Rules text (November 2011)</i> . This row will show the CET1 ratio below which the bank will become subject to constraints on distributions.
65	The amount in row 64 (expressed as a percentage of risk weighed assets) that relates to the capital conservation buffer), ie banks will report 2.5% here.
66	The amount in row 64 (expressed as a percentage of risk weighed assets) that relates to the bank specific countercyclical buffer requirement.
67	The amount in row 64 (expressed as a percentage of risk weighed assets) that relates to the bank's G-SIB requirement.
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets). To be calculated as the CET1 ratio of the bank, less any common equity used to meet the bank's minimum Tier 1 and minimum Total capital requirements.
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum). 5.5% should be reported
70	National Tier 1 minimum ratio (if different from Basel III minimum). 7% should be reported
71	National total capital minimum ratio (if different from Basel III minimum). 9% should be reported
72	Non-significant investments in the capital of other financials, the total amount of such holdings that are not reported in row 18, row 39 and row 54.
73	Significant investments in the common stock of financials, the total amount of such holdings that are not reported in row 19
74	Mortgage servicing rights, the total amount of such holdings that are not reported in row 19 and row 23- Not Applicable in India.
75	Deferred tax assets arising from temporary differences, the total amount of such holdings that are not reported in row 21 and row 25 – Not applicable in India.
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular , prior to the application of the cap.
77	Cap on inclusion of provisions in Tier 2 under standardised approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular.
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular.

79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach, calculated in accordance paragraph 2.5; Section A of Annex 1 of the Circular.
80	Current cap on CET1 instruments subject to phase out arrangements, see paragraph 6.5; Section E of Annex 1 of the Circular.
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities), 6.5; Section E of Annex 1 of the Circular.
82	Current cap on AT1 instruments subject to phase out arrangements, see paragraph 6.4; Section E of Annex 1 of the Circular.
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities), see paragraph 6.5; Section E of Annex 1 of the Circular.
84	Current cap on T2 instruments subject to phase out arrangements, see paragraph 6.5; Section E of Annex 1 of the Circular.
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities), see paragraph 6.5; Section E of Annex 1 of the Circular.

## Annex 2

### Illustration of the Three Step Approach to Reconciliation Requirements

#### Step 1

Under Step 1 banks are required to take their balance sheet in their published financial statements (numbers reported the middle column below) and report the numbers when the regulatory scope of consolidation is applied (numbers reported in the right hand column below). If there are rows in the regulatory consolidation balance sheet that are not present in the published financial statements, banks are required to give a value of zero in the middle column and furnish the corresponding amount in the column meant for regulatory scope of consolidation. Banks may however, indicate what the exact treatment is for such amount in the balance sheet.

**Table 3**

(Rs. in million)

		<b>Balance sheet as in published financial statements</b>	<b>Under regulatory scope of consolidation</b>
		<b>As on reporting date</b>	<b>As on reporting date</b>
<b>a</b>	<b>Capital &amp; Liabilities</b>		
i	Paid-up Capital		
	Reserves & Surplus		
	Minority Interest		
	Total Capital		
ii	Deposits		
	Of which:		
	Deposits from banks		
	Customer deposits		
	Other deposits		
iii	Borrowings		
	Of which:		
	From RBI		
	From banks		
	From other institutions & agencies		
	Borrowings in the form of bonds & debentures		

	Capital instruments		
iv	Other liabilities & provisions		
	<b>Total</b>		
<b>B</b>	<b>Assets</b>		
i	Cash and balances with Reserve Bank of India		
	Balance with banks and money at call and short notice		
ii	Investments Of which:		
	Held to Maturity		
	Out of investments in Held to Maturity:		
	Investments in subsidiaries		
	Investments in Associates and Joint Ventures		
	Available for Sale Of which:		
	Investments in Subsidiaries		
	Investments in Associates and Joint Ventures		
	Held for Trading		
iii	Loans and advances Of which:		
	Loans and advances to banks		
	Loans and advances to customers		
iv	Fixed assets		
v	Other assets of which:		
	Goodwill and intangible assets		
	Deferred tax assets		
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account		
	<b>Total Assets</b>		

## Step 2

Under Step 2 banks are required to expand the regulatory-scope balance sheet (revealed in Step 1) to identify all the elements that are used in the definition of capital disclosure template set out in Annex 1. Set out below are some examples of elements that may need to be expanded for a particular banking group. The more complex the balance sheet of the bank, the more items would need to be disclosed. Each element must be given a reference number/letter that can be used in Step 3.

(Rs. in million)			
		<b>Balance sheet as in published financial statements</b>	<b>Under regulatory scope of consolidation</b>
		<b>As on reporting date</b>	<b>As on reporting date</b>
<b>a</b>	<b>Capital &amp; Liabilities</b>		
i	Paid-up Capital		
	Of which:		
	Amount eligible for CET1		e
	Amount eligible for AT1		f
	Reserves & Surplus		
	Minority Interest		
	Total Capital		
ii	Deposits		
	Of which:		
	Deposits from banks		
	Customer deposits		
	Other deposits		
iii	Borrowings		
	Of which:		
	From RBI		
	From banks		
	From other institutions & agencies		
	Borrowings in the form of bonds & debentures		
	Capital instruments		
iv	Other liabilities & provisions		
	Of which:		
	DTLs related to goodwill		c
	DTLs related to intangible assets		d
	<b>Total</b>		
<b>B</b>	<b>Assets</b>		
i	Cash and balances with Reserve Bank of India		
	Balance with banks and money at call and short notice		

ii	Investments		
	Of which:		
	Held to Maturity		
	Out of investments in Held to Maturity:		
	Investments in subsidiaries		
	Investments in Associates and Joint Ventures		
	Available for Sale		
	Of which:		
iii	Investments in Subsidiaries		
	Investments in Associates and Joint Ventures		
	Held for Trading		
	Loans and advances		
iv	Of which:		
	Loans and advances to banks		
	Loans and advances to customers		
v	Fixed assets		
	Other assets		
	of which:		
	Goodwill and intangible assets		
	Out of which:		
goodwill		a	
Other intangibles (excluding MSRs)		b	
Deferred tax assets			
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account		
	<b>Total Assets</b>		

**Step 3:** Under Step 3 banks are required to complete a column added to the **Table 1 / Table 2 of Annex 1** disclosure template to show the source of every input.

(iii) For example, the definition of capital disclosure template includes the line “goodwill net of related deferred tax liability”. Next to the disclosure of this item in the disclosure template under **Table 1/ Table 2 of Annex 1**, the bank would be required to put ‘a – c’ to show that row 7 of the template has been calculated as the difference between component ‘a’ of the balance sheet under the regulatory scope of consolidation, illustrated in step 2, and component ‘c’.

Extract of Basel III common disclosure template (with added column) – Table 1 / Table 2 of Annex 1			
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
		Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the

			regulatory scope of consolidation from step 2
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus		e
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves)		
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)</i>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		a-c

**Annex 3**  
**Main features template**

- (i) Template which banks must use to ensure that the key features of regulatory capital instruments are disclosed is set out below. Banks will be required to complete all of the shaded cells for each outstanding regulatory capital instrument (banks should insert “NA” if the question is not applicable).

**Table 4**

<b>Disclosure template for main features of regulatory capital instruments</b>		
1	Issuer	
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	
3	Governing law(s) of the instrument	
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules	
5	Post-transitional Basel III rules	
6	Eligible at solo/group/ group& solo	
7	Instrument type	
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	
9	Par value of instrument	
10	Accounting classification	
11	Original date of issuance	
12	Perpetual or dated	
13	Original maturity date	
14	Issuer call subject to prior supervisory approval	
15	Optional call date, contingent call dates and redemption amount	
16	Subsequent call dates, if applicable	
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	
18	Coupon rate and any related index	
19	Existence of a dividend stopper	
20	Fully discretionary, partially discretionary or mandatory	
21	Existence of step up or other incentive to redeem	

22	Noncumulative or cumulative	
23	Convertible or non-convertible	
24	If convertible, conversion trigger (s)	
25	If convertible, fully or partially	
26	If convertible, conversion rate	
27	If convertible, mandatory or optional conversion	
28	If convertible, specify instrument type convertible into	
29	If convertible, specify issuer of instrument it converts into	
30	Write-down feature	
31	If write-down, write-down trigger(s)	
32	If write-down, full or partial	
33	If write-down, permanent or temporary	
34	If temporary write-down, description of write-up mechanism	
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	
36	Non-compliant transitioned features	
37	If yes, specify non-compliant features	

(ii) Using the reference numbers in the left column of the table above, the following table provides a more detailed explanation of what banks would be required to report in each of the grey cells, including, where relevant, the list of options contained in the spread sheet's drop down menu.

Further explanation of items in main features disclosure template	
1	Identifies issuer legal entity. <i>Free text</i>
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) <i>Free text</i>
3	Specifies the governing law(s) of the instrument <i>Free text</i>
4	Specifies transitional Basel III regulatory capital treatment. <i>Select from menu: [Common Equity Tier 1] [Additional Tier 1] [Tier 2]</i>
5	Specifies regulatory capital treatment under Basel III rules not taking into account transitional treatment. <i>Select from menu: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Ineligible]</i>
6	Specifies the level(s) within the group at which the instrument is included in

	<p>capital.</p> <p><i>Select from menu: [Solo] [Group] [Solo and Group]</i></p>
7	<p>Specifies instrument type, varying by jurisdiction. Helps provide more granular understanding of features, particularly during transition.</p> <p><i>Select from menu: [Common Shares] [Perpetual Non-cumulative Preference Shares] [Perpetual Debt Instruments] [Upper Tier 2 Capital Instruments] [Perpetual Cumulative Preference Shares] [ Redeemable Non-cumulative Preference Shares] [Redeemable Cumulative Preference Shares] [Tier 2 Debt Instruments] [Others- specify]</i></p>
8	<p>Specifies amount recognised in regulatory capital.</p> <p><i>Free text</i></p>
9	<p>Par value of instrument</p> <p><i>Free text</i></p>
10	<p>Specifies accounting classification. Helps to assess loss absorbency.</p> <p><i>Select from menu:</i> <i>[Shareholders' equity] [Liability ] [Non-controlling interest in consolidated subsidiary]</i></p>
11	<p>Specifies date of issuance.</p> <p><i>Free text</i></p>
12	<p>Specifies whether dated or perpetual.</p> <p><i>Select from menu: [Perpetual] [Dated]</i></p>
13	<p>For dated instrument, specifies original maturity date (day, month and year). For perpetual instrument put "no maturity".</p> <p><i>Free text</i></p>
14	<p>Specifies whether there is an issuer call option. Helps to assess permanence.</p> <p><i>Select from menu: [Yes] [No]</i></p>
15	<p>For instrument with issuer call option, specifies first date of call if the instrument has a call option on a specific date (day, month and year) and, in addition, specifies if the instrument has a tax and/or regulatory event call. Also specifies the redemption price. Helps to assess permanence.</p> <p><i>Free text</i></p>
16	<p>Specifies the existence and frequency of subsequent call dates, if applicable. Helps to assess permanence.</p> <p><i>Free text</i></p>
17	<p>Specifies whether the coupon/dividend is fixed over the life of the instrument, floating over the life of the instrument, currently fixed but will move to a floating rate in the future, currently floating but will move to a fixed rate in the future.</p> <p><i>Select from menu: [Fixed], [Floating] [Fixed to floating], [Floating to fixed]</i></p>
18	<p>Specifies the coupon rate of the instrument and any related index that the</p>

	coupon/dividend rate references. <i>Free text</i>
19	Specifies whether the non-payment of a coupon or dividend on the instrument prohibits the payment of dividends on common shares (ie whether there is a dividend stopper). <i>Select from menu: [yes], [no]</i>
20	Specifies whether the issuer has full discretion, partial discretion or no discretion over whether a coupon/dividend is paid. If the bank has full discretion to cancel coupon/dividend payments under all circumstances it must select “fully discretionary” (including when there is a dividend stopper that does not have the effect of preventing the bank from cancelling payments on the instrument). If there are conditions that must be met before payment can be cancelled (eg capital below a certain threshold), the bank must select “partially discretionary”. If the bank is unable to cancel the payment outside of insolvency the bank must select “mandatory”. <i>Select from menu: [Fully discretionary] [Partially discretionary] [Mandatory]</i>
21	Specifies whether there is a step-up or other incentive to redeem. <i>Select from menu: [Yes] [No]</i>
22	Specifies whether dividends / coupons are cumulative or noncumulative. <i>Select from menu: [Noncumulative] [Cumulative]</i>
23	Specifies whether instrument is convertible or not. Helps to assess loss absorbency. <i>Select from menu: [Convertible] [Nonconvertible]</i>
24	Specifies the conditions under which the instrument will convert, including point of non-viability. Where one or more authorities have the ability to trigger conversion, the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger conversion (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). <i>Free text</i>
25	Specifies whether the instrument will always convert fully, may convert fully or partially, or will always convert partially <i>Select from menu: [Always Fully] [Fully or Partially] [Always partially]</i>
26	Specifies rate of conversion into the more loss absorbent instrument. Helps to assess the degree of loss absorbency. <i>Free text</i>
27	For convertible instruments, specifies whether conversion is mandatory or optional. Helps to assess loss absorbency. <i>Select from menu: [Mandatory] [Optional] [NA]</i>
28	For convertible instruments, specifies instrument type convertible into. Helps to assess loss absorbency.

	<i>Select from menu: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Other]</i>
29	If convertible, specify issuer of instrument into which it converts. <i>Free text</i>
30	Specifies whether there is a write down feature. Helps to assess loss absorbency. <i>Select from menu: [Yes] [No]</i>
31	Specifies the trigger at which write-down occurs, including point of non-viability. Where one or more authorities have the ability to trigger write-down, the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger write-down (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). <i>Free text</i>
32	Specifies whether the instrument will always be written down fully, may be written down partially, or will always be written down partially. Helps assess the level of loss absorbency at write-down. <i>Select from menu: [Always Fully] [Fully or Partially] [Always partially]</i>
33	For write down instrument, specifies whether write down is permanent or temporary. Helps to assess loss absorbency. <i>Select from menu: [Permanent] [Temporary] [NA]</i>
34	For instrument that has a temporary write-down, description of write-up mechanism. <i>Free text</i>
35	Specifies instrument to which it is most immediately subordinate. Helps to assess loss absorbency on gone-concern basis. Where applicable, banks should specify the column numbers of the instruments in the completed main features template to which the instrument is most immediately subordinate. <i>Free text</i>
36	Specifies whether there are non-compliant features. <i>Select from menu: [Yes] [No]</i>
37	If there are non-compliant features, banks to specify which ones. Helps to assess instrument loss absorbency. <i>Free text</i>

## Annex 4

**Table DF-1: Scope of Application**

**Name of the top bank in the group to which the framework applies\_\_\_\_\_**

**(i) Qualitative Disclosures:**

**a. List of group entities considered for consolidation**

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation <sup>15</sup> (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons for consolidation only under one of the scopes and also explain the treatment given i.e. deduction or risk weighting of investments

**b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation**

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)

<sup>15</sup> If the entity is not consolidated in such a way as to result in its assets being included in the calculation of consolidated risk-weighted assets of the group, then such an entity is considered as outside the regulatory scope of consolidation.

**(ii) Quantitative Disclosures:**

**c. List of group entities considered for consolidation**

Name of the entity / country of incorporation <i>(as indicated in (i)a. above)</i>	Principle activity of the entity	Total balance sheet equity <i>(as stated in the accounting balance sheet of the legal entity)</i>	Total balance sheet assets <i>(as stated in the accounting balance sheet of the legal entity)</i>

**d. The aggregate amount of capital deficiencies<sup>16</sup> in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:**

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity <i>(as stated in the accounting balance sheet of the legal entity)</i>	% of bank's holding in the total equity	Capital deficiencies

**e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:**

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity <i>(as stated in the accounting balance sheet of the legal entity)</i>	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method

<sup>16</sup> A capital deficiency is the amount by which actual capital is less than the regulatory capital requirement. Any deficiencies which have been deducted on a group level in addition to the investment in such subsidiaries are not to be included in the aggregate capital deficiency.

## Annex 5

**Table DF-3: Capital Adequacy**

<p><b>Qualitative disclosures</b></p> <p>(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities</p>
<p><b>Quantitative disclosures</b></p> <p>(b) Capital requirements for credit risk:</p> <ul style="list-style-type: none"><li>• Portfolios subject to standardised approach</li><li>• Securitisation exposures</li></ul>
<p>(c) Capital requirements for market risk:</p> <ul style="list-style-type: none"><li>• Standardised duration approach;</li><li>- Interest rate risk</li><li>- Foreign exchange risk (including gold)</li><li>- Equity risk</li></ul>
<p>(d) Capital requirements for operational risk:</p> <ul style="list-style-type: none"><li>• Basic indicator approach</li></ul>
<p>(e) Total Capital, Tier 1 capital and Common Equity Tier 1 Capital ratios:</p> <ul style="list-style-type: none"><li>• For the top consolidated group; and</li><li>• For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)</li></ul>

## Annex 6

**Table DF -11: General disclosure for exposures related to counterparty credit risk**

<b>Qualitative Disclosures</b>	(a)	<p>The general qualitative disclosure requirement with respect to derivatives and CCR, including:</p> <ul style="list-style-type: none"> <li>• Discussion of methodology used to assign economic capital and credit limits for counterparty credit exposures;</li> <li>• Discussion of policies for securing collateral and establishing credit reserves;</li> <li>• Discussion of policies with respect to wrong-way risk exposures;</li> <li>• Discussion of the impact of the amount of collateral the bank would have to provide given a credit rating downgrade.</li> </ul>
<b>Quantitative Disclosures</b>	(b)	<p>Gross positive fair value of contracts, netting benefits<sup>17</sup>, netted current credit exposure, collateral held (including type, e.g. cash, government securities, etc.), and net derivatives credit exposure<sup>18</sup>. Also report measures for exposure at default, or exposure amount, under CEM. The notional value of credit derivative hedges, and the distribution of current credit exposure by types of credit exposure<sup>19</sup>.</p>
	(c)	<p>Credit derivative transactions that create exposures to CCR (notional value), segregated between use for the institution's own credit portfolio, as well as in its intermediation activities, including the distribution of the credit derivatives products used<sup>20</sup>, broken down further by protection bought and sold within each product group</p>

<sup>17</sup> Please refer to the circular DBOD.No.BP.BC.48/21.06.001/2010-11 dated October 1, 2010.

<sup>18</sup> *Net credit exposure* is the credit exposure on derivatives transactions after considering both the benefits from legally enforceable netting agreements and collateral arrangements. The notional amount of credit derivative hedges alerts market participants to an additional source of credit risk mitigation.

<sup>19</sup> For example, interest rate contracts, FX contracts, credit derivatives, and other contracts.

<sup>20</sup> For example, credit default swaps