

## **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 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 its finalisation 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 these guidelines. 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 inconsistent reporting format undermining the objective of enhanced disclosures, banks across Basel member jurisdictions are required to publish their capital

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

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.88/21.06.201/2012-13 dated March 28, 2013](#) on 'Guidelines on Implementation of Basel III Capital Regulations in India – Clarifications', banks are required to disclose Basel III capital ratios from the quarter ending June 30, 2013. These guidelines would become effective from July 1, 2013. Therefore, the first set of disclosures as required by these guidelines should be made by banks as on September 30, 2013 (with the exception of the Post March 31, 2017 template).

**2.2** All scheduled commercial banks are required to make the new disclosure requirements introduced under these guidelines along with all the existing Pillar 3 disclosure requirements, at least on a half yearly basis, irrespective of whether financial statements are audited, with the exception of following disclosures:

- (i) Table DF -3: Capital Adequacy;
- (ii) Table DF-4: Credit Risk: General Disclosures for All Banks; and
- (iii) Table DF-5: Disclosures for Portfolios Subject to the Standardised Approach.

The disclosures as indicated at (i), (ii) & (iii) above will be made at least on a quarterly basis by all scheduled commercial banks.

**2.3** All disclosures must either be included in a bank's published financial results / statements or, at a minimum, must be disclosed on bank's website. If a bank finds it operationally inconvenient to make these disclosures along with published financial results / statements, the bank must provide in these financial results / statements a direct link to where the Pillar 3 disclosures can be found on the bank's website. The Pillar 3 disclosures should be made concurrent with publication of financial results / statements<sup>2</sup>.

**2.4** However, banks may note that in the case of main features template (as indicated in Paragraph 7) and provision of the full terms and conditions of capital instruments (as indicated in Paragraph 8), banks are required to update these

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<sup>2</sup> It may be noted that Pillar 3 disclosures are required to be made by all banks including those which are not listed on stock exchanges and / or not required to publish financial results / statement. Therefore, such banks are also required to make Pillar 3 disclosures at least on their websites within reasonable period.

disclosures concurrently 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 these guidelines. 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>3</sup> applies a more conservative definition of an element (e.g. components and criteria of regulatory capital, regulatory adjustments 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>4</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>5</sup>, clearly labelling them as being different from the Basel III minimum definition<sup>6</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

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<sup>3</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.

<sup>4</sup> Basel III: A global regulatory framework for more resilient banks and banking systems, December 2010 (rev June 2011)

<sup>5</sup> Please refer to footnote 3 above.

<sup>6</sup> Please refer to footnote 4 above.

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>7</sup> create an additional layer of complexity in the composition of capital during the period from April 1, 2013 to March 31, 2017, especially due to existing treatments<sup>8</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.

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<sup>7</sup> Please refer to 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. Please also refer to the Annex of circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated March 28, 2013 on Guidelines on Implementation of Basel III Capital Regulations in India – Clarifications.

<sup>8</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.

## 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 balance sheet.

6.2 Banks will have to follow a three step approach to show the link between their balance sheet and the numbers which are used in the composition 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**:

Step 1: banks are required to disclose the reported balance sheet under the regulatory scope of consolidation<sup>9</sup> (**Table 3 of Annex 2**);

Step 2: banks will have to expand the lines of the balance sheet under regulatory scope of consolidation (**Table 3 of Annex 2**) to display all components which are used in the composition of capital disclosure template (**Table 1 / Table 2 of Annex 1**); and

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 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 enable market participants and

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<sup>9</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.

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. 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 templates namely **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 Another example is regulatory adjustments of 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 details 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:

(i) it is designed to be completed by banks from when the Basel III capital regulations come into effect i.e. 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>10</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.

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<sup>10</sup> Please refer to paragraph 3 of these guidelines.

**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 these guidelines 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 existing guidelines need to be revised / deleted. The additions / deletions are indicated below:

### **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>11</sup>.

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<sup>11</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>   |  |        |
| <b>Common Equity Tier 1 capital: 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 financial entities</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+26d)  |  |  |
| 26a   | <i>of which: Investments in the equity capital of unconsolidated insurance subsidiaries</i>  |  |  |
| 26b   | <i>of which: Investments in the equity capital of unconsolidated non-financial subsidiaries<sup>8</sup></i>  |  |  |
| 26c   | <i>of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank<sup>9</sup></i>   |  |  |
| 26d   | <i>of which: Unamortised pension funds expenditures</i>  |  |  |
| 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</i>   |  |  |

<sup>3</sup> Only significant investments other than in the insurance and non-financial subsidiaries should be reported here. The insurance and non-financial subsidiaries 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 guidelines issued vide circular DBOD.No. BP.BC.98/21.06.201/2011-12 dated May 2, 2012 (hereinafter, referred to as "Guidelines". 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.

|  |  |  |  |
|--|--|--|--|
|  | 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 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  | <i>of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries</i>   |  |  |
| 41b  | <i>of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank</i>  |  |  |
| 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) (29 + 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>  |  |  |

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

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

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



| <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 <sup>13</sup> in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  |  |
| 56  | National specific regulatory adjustments (56a+56b)   |  |
| 56a   | <i>of which:</i> Investments in the Tier 2 capital of unconsolidated insurance subsidiaries  |  |
| 56b   | <i>of which:</i> 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 (58a + 58b)</b>  |  |
| 59  | <b>Total capital (TC = T1 + Admissible T2) (45 + 58c)</b>  |  |
| 60  | <b>Total risk weighted assets (60a + 60b + 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>  |  |

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

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

|  |  |  |  |
|--|--|--|--|
| 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 financial entities   |  |  |
| 73   | Significant investments in the common stock of financial entities  |  |  |
| 74   | Mortgage servicing rights (net of related tax liability)   |  |  |
| 75   | Deferred tax assets arising from temporary differences (net of related tax liability)  |  |  |
| <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  |                  |
| 26b                     | If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:   |                  |
|                         | (i) Increase in Common Equity Tier 1 capital  |                  |
|                         | (ii) Increase in risk weighted assets   |                  |
| 44a                     | Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a) |                  |
|                         | of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b  |                  |
| 50                      | Eligible Provisions included in Tier 2 capital  |                  |
|                         | Eligible Revaluation Reserves included in Tier 2 capital  |                  |
|                         | Total of row 50   |                  |
| 58a                     | Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)   |                  |

### 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 guidelines issued vide circular DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012 ( hereinafter, referred to as "Guidelines"), 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 "Guidelines"   |
| 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 "Guidelines" (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 "Guidelines".  |
| 9  | Intangibles (net of related tax liability), as set out in paragraph 4.1; section C of Annex 1 of the "Guidelines".   |
| 10 | Deferred tax assets (net of related tax liability), as set out in paragraph 4.2; Section C of Annex 1 of the "Guidelines".   |
| 11 | The element of the cash-flow hedge reserve described in paragraph 4.3; Section C of Annex 1 of the "Guidelines".   |
| 12 | Shortfall of provisions to expected losses as described in paragraph 4.4; Section C of Annex 1 of the "Guidelines".  |
| 13 | Securitisation gain on sale as described in paragraph 4.5; Section C of Annex 1 of the "Guidelines".   |
| 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 "Guidelines".  |
| 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 "Guidelines".   |
| 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 "Guidelines".  |
| 17 | Reciprocal cross-holdings in common equity, as set out in paragraph 4.9.2.1; Section C of Annex 1 of the "Guidelines".   |
| 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 "Guidelines". |
| 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 "Guidelines".  |
| 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 are required by national authorities to be applied to CET1 in addition to the Basel III minimum set of adjustments [i.e. in terms of December 2010 (rev June 2011) 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 "Guidelines".   |
| 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 "Guidelines" (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 "Guidelines".   |
| 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 "Guidelines".  |
| 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 "Guidelines".  |
| 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 "Guidelines". |
| 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 "Guidelines".  |
| 41 | Any national specific regulatory adjustments that are required by national authorities to be applied to Additional Tier 1 in addition to the Basel III minimum set of adjustments [i.e. in terms of December 2010 (rev June 2011) 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 "Guidelines". 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 "Guidelines".  |
| 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 "Guidelines".   |
| 49 | The amount reported in row 48 that relates to instruments subject to phase out from Tier 2 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the "Guidelines".  |
| 50 | Provisions and Revaluation Reserves included in Tier 2, calculated in accordance  |

|    |  |
|----|--|
|    | with paragraph 2.5, Section A of Annex 1 of the “Guidelines”.  |
| 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 “Guidelines”.   |
| 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 “Guidelines”.   |
| 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 “Guidelines”.   |
| 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 “Guidelines”.  |
| 56 | Any national specific regulatory adjustments that are required by national authorities to be applied to Tier 2 in addition to the Basel III minimum set of adjustments [i.e. in terms of December 2010 (rev June 2011) document issued by the Basel Committee on Banking Supervision].   |
| 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) issued by the Basel Committee</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), i.e. 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 financial entities, 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 financial entities, 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 “Guidelines”, 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 “Guidelines”.  |
| 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 “Guidelines”.                            |
| 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 “Guidelines”.   |
| 80 | Current cap on CET1 instruments subject to phase out arrangements, see paragraph 6.5; Section E of Annex 1 of the “Guidelines”.  |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities), 6.5; Section E of Annex 1 of the “Guidelines”.  |
| 82 | Current cap on AT1 instruments subject to phase out arrangements, see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.   |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities), see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.   |
| 84 | Current cap on T2 instruments subject to phase out arrangements, see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.  |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities), see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.  |

## 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):

- 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-BaseI 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 April 1, 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   |  |         |
| 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 |  |         |

<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.

|     |  |  |  |  |
|-----|--|--|--|--|
|     | 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 financial entities  |  |  |  |
| 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+26b+26c+26d)  |  |  |  |
| 26a | <i>of which:</i> Investments in the equity capital of the unconsolidated insurance subsidiaries  |  |  |  |
| 26b | <i>of which:</i> Investments in the equity capital of unconsolidated non-financial subsidiaries <sup>8</sup>   |  |  |  |
| 26c | <i>of which:</i> Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank <sup>9</sup>  |  |  |  |
| 26d | <i>of which:</i> Unamortised pension funds expenditures  |  |  |  |
|     | Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment  |  |  |  |
|     | <i>of which:</i> [INSERT TYPE OF ADJUSTMENT]<br>For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)  |  |  |  |

<sup>3</sup> Only significant investments other than in the insurance and non-financial subsidiaries should be reported here. The insurance and non-financial subsidiaries 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.

<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 guidelines issued vide circular DBOD. No. BP.BC.98 /21.06.201 /2011-12 dated May 2, 2012 (hereinafter, referred to as "Guidelines". 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.

|  |  |  |  |  |
|--|--|--|--|--|
|  | <i>of which:</i> [INSERT TYPE OF ADJUSTMENT]   |  |  |  |
|  | <i>of which:</i> [INSERT TYPE OF ADJUSTMENT]   |  |  |  |
| 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   | <i>of which:</i> classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)   |  |  |  |
| 32   | <i>of which:</i> 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 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  | Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries  |  |  |  |
| 41b  | Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank   |  |  |  |
|  | Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment   |  |  |  |

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

|   |  |  |  |
|---|--|--|--|
|   | <i>of which:</i> [INSERT TYPE OF ADJUSTMENT e.g. DTAs]   |  |  |
|   | <i>of which:</i> [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]   |  |  |
|   | <i>of which:</i> [INSERT TYPE 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) (29 + 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>   |  |  |
| 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 <sup>13</sup> in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  |  |  |
| 56  | National specific regulatory adjustments (56a+56b)   |  |  |
| 56a   | <i>of which:</i> Investments in the Tier 2 capital of unconsolidated subsidiaries  |  |  |

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

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

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





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

### 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 guidelines issued vide circular DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012 ( hereinafter, referred to as "Guidelines"), 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 "Guidelines"   |
| 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 "Guidelines" (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 "Guidelines".  |
| 9  | Intangibles (net of related tax liability), as set out in paragraph 4.1; section C of Annex 1 of the "Guidelines".   |
| 10 | Deferred tax assets (net of related tax liability), as set out in paragraph 4.2; Section C of Annex 1 of the "Guidelines".   |
| 11 | The element of the cash-flow hedge reserve described in paragraph 4.3; Section C of Annex 1 of the "Guidelines".   |
| 12 | Shortfall of provisions to expected losses as described in paragraph 4.4; Section C of Annex 1 of the "Guidelines".  |
| 13 | Securitisation gain on sale as described in paragraph 4.5; Section C of Annex 1 of the "Guidelines".   |
| 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 "Guidelines".  |
| 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 "Guidelines".   |
| 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 "Guidelines".  |
| 17 | Reciprocal cross-holdings in common equity, as set out in paragraph 4.9.2.1; Section C of Annex 1 of the "Guidelines".   |
| 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 "Guidelines". |
| 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 "Guidelines".  |
| 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 are required by national authorities to be applied to CET1 in addition to the Basel III minimum set of adjustments [i.e. in terms of December 2010 (rev June 2011) 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 "Guidelines".   |
| 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 "Guidelines" (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 "Guidelines".   |
| 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 "Guidelines".  |
| 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 "Guidelines".  |
| 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 "Guidelines". |
| 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 "Guidelines".  |
| 41 | Any national specific regulatory adjustments that are required by national authorities to be applied to Additional Tier 1 in addition to the Basel III minimum set of adjustments [i.e. in terms of December 2010 (rev June 2011) 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 "Guidelines". 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 "Guidelines".  |
| 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 "Guidelines".   |
| 49 | The amount reported in row 48 that relates to instruments subject to phase out from Tier 2 in accordance with the requirements of paragraph 6.4; Section E of Annex 1 of the "Guidelines".  |

|    |  |
|----|--|
| 50 | Provisions and Revaluation Reserves included in Tier 2, calculated in accordance with paragraph 2.5, Section A of Annex 1 of the "Guidelines".   |
| 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 "Guidelines".   |
| 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 "Guidelines".   |
| 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 "Guidelines".   |
| 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 "Guidelines".  |
| 56 | Any national specific regulatory adjustments that are required by national authorities to be applied to Tier 2 in addition to the Basel III minimum set of adjustments [i.e. in terms of December 2010 (rev June 2011) document issued by the Basel Committee on Banking Supervision]..  |
| 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 document ' <i>Global systemically important banks: assessment methodology and the additional loss absorbency requirement: Rules text (November 2011) issued by the Basel Committee</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), i.e. 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 financial entities, 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 financial entities, 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 “Guidelines”, 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 “Guidelines”.  |
| 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 “Guidelines”.                            |
| 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 “Guidelines”.   |
| 80 | Current cap on CET1 instruments subject to phase out arrangements, see paragraph 6.5; Section E of Annex 1 of the “Guidelines”.  |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities), 6.5; Section E of Annex 1 of the “Guidelines”.  |
| 82 | Current cap on AT1 instruments subject to phase out arrangements, see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.   |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities), see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.   |
| 84 | Current cap on T2 instruments subject to phase out arrangements, see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.  |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities), see paragraph 6.4; Section E of Annex 1 of the “Guidelines”.  |

## 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 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)                            |  |
|----------|---|---|--|
|          |   | Balance sheet as in<br>financial statements | Balance sheet<br>under regulatory<br>scope of<br>consolidation |
|          |   | As on<br>reporting date                     | As on<br>reporting date  |
| <b>A</b> | <b>Capital &amp; Liabilities</b>                      |   |  |
| i        | Paid-up Capital                                       |   |  |
|          | Reserves & Surplus                                    |   |  |
|          | Minority Interest                                     |   |  |
|          | Total Capital   |   |  |
| ii       | Deposits  |   |  |
|          | <i>of which:</i> Deposits from banks                  |   |  |
|          | <i>of which:</i> Customer deposits                    |   |  |
|          | <i>of which:</i> Other deposits (pl. specify)         |   |  |
| iii      | Borrowings  |   |  |
|          | <i>of which:</i> From RBI                             |   |  |
|          | <i>of which:</i> From banks                           |   |  |
|          | <i>of which:</i> From other institutions & agencies   |   |  |
|          | <i>of which:</i> Others (pl. specify)                 |   |  |
|          | <i>of which:</i> 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:  |   |  |

|     |  |  |  |
|-----|--|--|--|
|     | <i>of which:</i> Government securities                         |  |  |
|     | <i>of which:</i> Other approved securities                     |  |  |
|     | <i>of which:</i> Shares  |  |  |
|     | <i>of which:</i> Debentures & Bonds                            |  |  |
|     | <i>of which:</i> Subsidiaries / Joint Ventures / Associates    |  |  |
|     | <i>of which:</i> Others (Commercial Papers, Mutual Funds etc.) |  |  |
| iii | Loans and advances   |  |  |
|     | <i>of which:</i> Loans and advances to banks                   |  |  |
|     | <i>of which:</i> Loans and advances to customers               |  |  |
| iv  | Fixed assets   |  |  |
| v   | Other assets   |  |  |
|     | <i>of which:</i> Goodwill and intangible assets                |  |  |
|     | <i>of which:</i> 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 financial statements</b> | <b>Balance sheet 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                           |   |  |
|          | <i>of which:</i> Amount eligible for CET1 |   | e  |
|          | <i>of which:</i> Amount eligible for AT1  |   | f  |
|          | Reserves & Surplus                        |   |  |
|          | Minority Interest                         |   |  |
|          | Total Capital                             |   |  |
| ii       | Deposits                                  |   |  |
|          | <i>of which:</i> Deposits from banks      |   |  |

|                     |  |  |   |
|---------------------|--|--|---|
|                     | <i>of which:</i> Customer deposits                             |  |   |
|                     | <i>of which:</i> Other deposits (pl. specify)                  |  |   |
| iii                 | Borrowings   |  |   |
|                     | <i>of which:</i> From RBI                                      |  |   |
|                     | <i>of which:</i> From banks                                    |  |   |
|                     | <i>of which:</i> From other institutions & agencies            |  |   |
|                     | <i>of which:</i> Others (pl. specify)                          |  |   |
|                     | <i>of which:</i> Capital instruments                           |  |   |
| iv                  | Other liabilities & provisions                                 |  |   |
|                     | <i>of which:</i> DTLs related to goodwill                      |  | c |
|                     | <i>of which:</i> DTLs related to intangible assets             |  | d |
| <b>Total</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  |  |   |
|                     | <i>of which:</i> Government securities                         |  |   |
|                     | <i>of which:</i> Other approved securities                     |  |   |
|                     | <i>of which:</i> Shares  |  |   |
|                     | <i>of which:</i> Debentures & Bonds                            |  |   |
|                     | <i>of which:</i> Subsidiaries / Joint Ventures / Associates    |  |   |
|                     | <i>of which:</i> Others (Commercial Papers, Mutual Funds etc.) |  |   |
| iii                 | Loans and advances   |  |   |
|                     | <i>of which:</i> Loans and advances to banks                   |  |   |
|                     | <i>of which:</i> Loans and advances to customers               |  |   |
| iv                  | Fixed assets   |  |   |
| v                   | Other assets   |  |   |
|                     | <i>of which:</i> Goodwill and intangible assets                |  |   |
|                     | <i>Out of which:</i>   |  |   |
|                     | 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 8 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.<br><i>Free text</i>  |
| 2   | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)<br><i>Free text</i>   |
| 3   | Specifies the governing law(s) of the instrument<br><i>Free text</i>   |
| 4   | Specifies transitional Basel III regulatory capital treatment.<br><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.<br><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 capital.<br><i>Select from menu: [Solo] [Group] [Solo and Group]</i>  |
| 7   | Specifies instrument type, varying by jurisdiction. Helps provide more granular understanding of features, particularly during transition.<br><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> |
| 8   | Specifies amount recognised in regulatory capital.<br><i>Free text</i>   |
| 9   | Par value of instrument<br><i>Free text</i>  |
| 10  | Specifies accounting classification. Helps to assess loss absorbency.<br><i>Select from menu: [Shareholders' equity] [Liability] [Non-controlling interest in consolidated subsidiary]</i>   |
| 11  | Specifies date of issuance.<br><i>Free text</i>  |
| 12  | Specifies whether dated or perpetual.<br><i>Select from menu: [Perpetual] [Dated]</i>  |
| 13  | For dated instrument, specifies original maturity date (day, month and year). For perpetual instrument put "no maturity".<br><i>Free text</i>  |
| 14  | Specifies whether there is an issuer call option. Helps to assess permanence.<br><i>Select from menu: [Yes] [No]</i>   |
| 15  | 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.<br><i>Free text</i>   |

|    |  |
|----|--|
| 16 | Specifies the existence and frequency of subsequent call dates, if applicable. Helps to assess permanence.<br><i>Free text</i>   |
| 17 | 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.<br><i>Select from menu: [Fixed], [Floating] [Fixed to floating], [Floating to fixed]</i>   |
| 18 | Specifies the coupon rate of the instrument and any related index that the coupon/dividend rate references.<br><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).<br><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”.<br><i>Select from menu: [Fully discretionary] [Partially discretionary] [Mandatory]</i> |
| 21 | Specifies whether there is a step-up or other incentive to redeem.<br><i>Select from menu: [Yes] [No]</i>  |
| 22 | Specifies whether dividends / coupons are cumulative or noncumulative.<br><i>Select from menu: [Noncumulative] [Cumulative]</i>  |
| 23 | Specifies whether instrument is convertible or not. Helps to assess loss absorbency.<br><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).<br><i>Free text</i>  |
| 25 | Specifies whether the instrument will always convert fully, may convert fully or partially, or will always convert partially<br><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.<br><i>Free text</i>   |
| 27 | For convertible instruments, specifies whether conversion is mandatory or optional. Helps to assess loss absorbency.<br><i>Select from menu: [Mandatory] [Optional] [NA]</i>   |
| 28 | For convertible instruments, specifies instrument type convertible into. Helps to assess loss absorbency.<br><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.<br><i>Free text</i>   |
| 30 | Specifies whether there is a write down feature. Helps to assess loss absorbency.<br><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).<br><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.<br><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.<br><i>Select from menu: [Permanent] [Temporary] [NA]</i>   |
| 34 | For instrument that has a temporary write-down, description of write-up mechanism.<br><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.<br><i>Free text</i> |
| 36 | Specifies whether there are non-compliant features.<br><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.<br><i>Free text</i>  |

## Annex 4

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

**Name of the head of the banking 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 if consolidated under only one of the scopes of consolidation <sup>16</sup> |
|---|---|-------------------------------------|---|-------------------------------------|---|---|
|   |   |                                     |   |                                     |   |   |
|   |   |                                     |   |                                     |   |   |
|   |   |                                     |   |                                     |   |   |

**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.

<sup>16</sup> Also explain the treatment given i.e. deduction or risk weighting of investments under regulatory scope of consolidation.

**(ii) Quantitative Disclosures:**

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

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

**d. The aggregate amount of capital deficiencies<sup>17</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<br><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<br><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 |
|---|----------------------------------|--|--|---|
|   |                                  |  |  |   |
|   |                                  |  |  |   |

**f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:**

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<sup>17</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**

|  |
|--|
| <b>Qualitative disclosures</b><br>(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities  |
| <b>Quantitative disclosures</b><br>(b) Capital requirements for credit risk: <ul style="list-style-type: none"><li>• Portfolios subject to standardised approach</li><li>• Securitisation exposures</li></ul>  |
| (c) Capital requirements for market risk: <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>  |
| (d) Capital requirements for operational risk: <ul style="list-style-type: none"><li>• Basic Indicator Approach</li><li>• The Standardised Approach (if applicable)</li></ul>  |
| (e) Common Equity Tier 1, Tier 1 and Total Capital ratios: <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>18</sup>, netted current credit exposure, collateral held (including type, e.g. cash, government securities, etc.), and net derivatives credit exposure<sup>19</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>20</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>21</sup>, broken down further by protection bought and sold within each product group</p>  |

<sup>18</sup> Please refer to the circular DBOD.No.BP.BC.48/21.06.001/2010-11 dated October 1, 2010.

<sup>19</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>20</sup> For example, interest rate contracts, FX contracts, credit derivatives, and other contracts.

<sup>21</sup> For example, credit default swaps.