

Attachment-III

**Example for Computing the Capital Charge Including the Vertical
and Horizontal Disallowances on Interest Rate Related Instruments**

(Para No 3 of Example 2 above)																
	** 0.22 x 5%=0.01				@ 2.79 x 5%=0.14			# 0.29 x 30%=0.09								
	Zone 1				Zone 2			Zone 3								
Time-band	0-1 month	1-3 month	3-6 month	6m - 1y	1-1.9y	1.9-2.8y	2.8-3.6y	3.6-4.3y	4.3-5.7y	5.7-7.3y	7.3-9.3y	9.3-10.6y	10.6-12y	12-20y	Over 20y	Capital Charge
Position		0.72		2.51		1.35	1.77	2.29		2.75	2.79		3.63			17.82
Derivatives (long)			0.47					1.07								1.54
Derivatives (short)			(-)0.22								(-)3.08					(-)3.30
Net Position		0.72	0.25	2.51		1.35	1.77	3.36		2.75	(-)0.29		3.63			16.06
Vertical Disallowance (5%)			0.01**								0.14 @					0.15
Horizontal Disallowance 1 (under Zone 3)											0.09 #					0.09
Horizontal disallowance 2																
Horizontal Disallowance 3																
