

BALANCE SHEET

as at 31 March, 2016

(₹ in Thousands)

	Schedule No.	As at 31-03-2016	As at 31-03-2015
Capital and Liabilities			
Capital	1	4,765,664	4,741,044
Reserves & Surplus	2	526,883,409	442,024,106
Deposits	3	3,579,675,603	3,224,419,369
Borrowings	4	992,263,789	797,582,689
Other Liabilities and Provisions	5	151,087,716	150,556,734
Total		5,254,676,181	4,619,323,942
Assets			
Cash and Balances with Reserve Bank of India	6	223,611,495	198,188,397
Balances with Banks and Money at Call and Short Notice	7	109,642,909	162,801,921
Investments	8	1,220,062,019	1,175,502,121
Advances	9	3,387,737,229	2,810,830,297
Fixed Assets	10	35,231,719	25,143,105
Other Assets	11	278,390,810	246,858,101
Total		5,254,676,181	4,619,323,942
Contingent Liabilities	12	6,174,463,565	5,911,749,072
Bills for Collection		512,794,653	490,086,861
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered Accountants

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

V. R. Kaundinya
Director

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2016
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

PROFIT & LOSS ACCOUNT

for the year ended 31 March, 2016

(₹ in Thousands)

	Schedule No.	Year ended 31-03-2016	Year ended 31-03-2015
I Income			
Interest earned	13	409,880,364	354,785,977
Other income	14	93,714,644	83,650,458
Total		503,595,008	438,436,435
II Expenditure			
Interest expended	15	241,550,675	212,544,595
Operating expenses	16	101,008,186	92,037,456
Provisions and contingencies	18 (2.1.1)	78,799,519	60,276,161
Total		421,358,380	364,858,212
III Net Profit For The Year (I - II)		82,236,628	73,578,223
Balance in Profit & Loss Account brought forward from previous year		176,234,914	135,014,461
IV Amount Available For Appropriation		258,471,542	208,592,684
V Appropriations:			
Transfer to Statutory Reserve		20,559,157	18,394,555
Transfer to/(from) Investment Reserve		(418,074)	254,885
Transfer to Capital Reserve	18 (2.2.1)	620,406	631,421
Transfer to/(from) Reserve Fund	18 (2.2.2)	17,409	(12,664)
Proposed dividend (includes tax on dividend)	18 (2.2.5)	28,085	13,089,573
Balance in Profit & Loss Account carried forward		237,664,559	176,234,914
Total		258,471,542	208,592,684
VI Earnings Per Equity Share	18 (2.2.3)		
(Face value ₹2/- per share) (Rupees)			
Basic		34.59	31.18
Diluted		34.40	30.85
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered Accountants

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

V. R. Kaundinya
Director

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2016
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

CASH FLOW STATEMENT

for the year ended 31 March, 2016

(₹ in Thousands)

	Year ended 31-03-2016	Year ended 31-03-2015
Cash flow from operating activities		
Net profit before taxes	123,937,495	110,568,345
Adjustments for:		
Depreciation on fixed assets	4,439,115	4,056,721
Depreciation on investments	840,096	(509,798)
Amortisation of premium on Held to Maturity investments	728,575	733,501
Provision for Non Performing Assets (including bad debts)	38,004,587	17,886,115
Provision on standard assets	3,870,067	2,902,218
Provision on unhedged foreign currency exposure	16,200	1,336,600
Provision for wealth tax	(477)	9,300
(Profit)/loss on sale of fixed assets (net)	(62,010)	35,854
Provision for restructured assets/strategic debt restructuring	(617,811)	(818,769)
Provision for other contingencies	(5,014,010)	2,480,373
	166,141,827	138,680,460
Adjustments for:		
(Increase)/Decrease in investments	(6,943,927)	(114,269,391)
(Increase)/Decrease in advances	(613,096,568)	(526,386,792)
Increase /(Decrease) in deposits	355,256,234	414,973,720
(Increase)/Decrease in other assets	(25,873,975)	(43,399,588)
Increase/(Decrease) in other liabilities & provisions	12,423,339	4,112,258
Direct taxes paid	(47,625,463)	(40,787,347)
Net cash flow from operating activities	(159,718,533)	(167,076,680)
Cash flow from investing activities		
Purchase of fixed assets	(14,637,087)	(5,239,405)
(Increase)/Decrease in Held to Maturity investments	(38,854,665)	(35,803,065)
(Increase)/Decrease in Investment in Subsidiaries	(1,055,245)	(1,097,500)
Proceeds from sale of fixed assets	191,928	99,961
Net cash used in investing activities	(54,355,069)	(42,040,009)

CASH FLOW STATEMENT (CONT.)

(₹ in Thousands)

	Year ended 31-03-2016	Year ended 31-03-2015
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	12,264,056	9,164,337
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	182,417,043	285,508,927
Proceeds from issue of share capital	24,620	42,599
Proceeds from share premium (net of share issue expenses)	3,028,823	4,768,948
Payment of dividend	(11,018,791)	(11,024,839)
Net cash generated from financing activities	186,715,751	288,459,972
Effect of exchange fluctuation translation reserve	(378,063)	(739,911)
Net increase in cash and cash equivalents	(27,735,914)	78,603,372
Cash and cash equivalents at the beginning of the year	360,990,318	282,386,946
Cash and cash equivalents at the end of the year	333,254,404	360,990,318
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	223,611,495	198,188,397
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	109,642,909	162,801,921
Cash and cash equivalents at the end of the year	333,254,404	360,990,318
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹120.07 crores (previous year ₹119.62 crores)		

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered AccountantsSanjiv Misra
ChairmanViren H. Mehta
PartnerV. R. Kaundinya
DirectorSamir K. Barua
DirectorS. Vishvanathan
DirectorRakesh Makhija
DirectorShikha Sharma
Managing Director & CEODate : 26 April, 2016
Place: MumbaiGirish V. Koliyote
Company SecretaryJairam Sridharan
Chief Financial OfficerV. Srinivasan
Deputy Managing Director

SCHEDULES

forming part of the Balance Sheet as at 31 March, 2016

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,382,831,826 (Previous year - 2,370,522,199) Equity Shares of ₹2/- each fully paid-up [Refer Schedule 18.1]	4,765,664	4,741,044

Schedule 2 - Reserves And Surplus

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Statutory Reserve		
Opening Balance	85,313,168	66,918,613
Additions during the year	20,559,157	18,394,555
	105,872,325	85,313,168
II. Share Premium Account		
Opening Balance	163,740,639	158,971,691
Additions during the year	3,028,823	4,768,948
Less: Share issue expenses	-	-
	166,769,462	163,740,639
III. Investment Reserve Account		
Opening Balance	1,289,745	1,034,860
Additions/(Deductions) during the year (net)	(418,074)	254,885
	871,671	1,289,745
IV. General Reserve		
Opening Balance	3,543,100	3,543,100
Additions during the year	-	-
	3,543,100	3,543,100
V. Capital Reserve		
Opening Balance	10,480,249	9,848,828
Additions during the year [Refer Schedule 18 (2.2.1)]	620,406	631,421
	11,100,655	10,480,249
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]		
Opening Balance	1,398,406	2,138,317
Additions/(Deductions) during the year (net)	(378,063)	(739,911)
	1,020,343	1,398,406
VII. Reserve Fund		
Opening Balance	23,885	36,549
Additions/(Deductions) during the year (net) [Refer Schedule 18 (2.2.2)]	17,409	(12,664)
	41,294	23,885
VIII. Balance in Profit & Loss Account	237,664,559	176,234,914
Total	526,883,409	442,024,106

Schedule 3 - Deposits

(₹ in Thousands)

		As at 31-03-2016	As at 31-03-2015
A.	I. Demand Deposits		
	(i) From banks	46,706,288	39,562,710
	(ii) From others	589,812,876	521,519,479
	II. Savings Bank Deposits	1,057,931,260	882,920,829
	III. Term Deposits		
	(i) From banks	74,025,125	84,010,165
	(ii) From others	1,811,200,054	1,696,406,186
	Total	3,579,675,603	3,224,419,369
B.	I. Deposits of branches in India	3,533,429,221	3,171,892,483
	II. Deposits of branches outside India	46,246,382	52,526,886
	Total	3,579,675,603	3,224,419,369

Schedule 4 - Borrowings

(₹ in Thousands)

		As at 31-03-2016	As at 31-03-2015
I.	Borrowings in India		
	(i) Reserve Bank of India	-	-
	(ii) Other banks [#]	14,078,000	20,582,000
	(iii) Other institutions & agencies ^{**}	365,006,111	255,729,912
II.	Borrowings outside India [§]	613,179,678	521,270,777
	Total	992,263,789	797,582,689
	Secured borrowings included in I & II above	-	-

[#] Borrowings from other banks include Subordinated Debt of ₹90.10 crores (previous year ₹377.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹25.00 crores (previous year Nil) and Upper Tier II instruments of ₹49.10 crores (previous year ₹49.10 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

^{**} Borrowings from other institutions & agencies include Subordinated Debt of ₹12,240.70 crores (previous year ₹10,823.20 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹189.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹258.40 crores (previous year ₹258.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

[§] Borrowings outside India include Perpetual Debt of ₹304.77 crores (previous year ₹287.50 crores) and Upper Tier II instruments of ₹1,391.12 crores (previous year ₹1,311.98 crores) [Also refer Note 18 (2.1.3)]

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2016	As at 31-03-2015
I.	Bills payable	36,453,959	39,372,758
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	25,607,530	20,547,095
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 18(2.2.5)]	-	13,055,440
V.	Contingent provision against standard assets	19,997,702	15,956,484
VI.	Others (including provisions)	69,028,525	61,624,957
	Total	151,087,716	150,556,734

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Cash in hand (including foreign currency notes)	41,204,831	42,154,312
II. Balances with Reserve Bank of India		
(i) in Current Account	182,406,664	156,034,085
(ii) in Other Accounts	-	-
Total	223,611,495	198,188,397

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	1,956,494	1,941,210
(b) in Other Deposit Accounts	11,742,150	12,852,440
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	41,184,875	86,192,067
Total	54,883,519	100,985,717
II. Outside India		
(i) in Current Accounts	15,425,387	8,062,433
(ii) in Other Deposit Accounts	26,820,821	24,314,311
(iii) Money at Call & Short Notice	12,513,182	29,439,460
Total	54,759,390	61,816,204
Grand Total (I+II)	109,642,909	162,801,921

Schedule 8 - Investments

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Investments in India in -		
(i) Government Securities ^{##} ^{**}	850,430,001	812,460,111
(ii) Other approved securities	-	-
(iii) Shares	12,439,171	7,390,249
(iv) Debentures and Bonds	229,119,358	250,682,120
(v) Investment in Subsidiaries/Joint Ventures	9,559,365	8,694,365
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	93,688,157	81,147,747
Total Investments in India	1,195,236,052	1,160,374,592
II. Investments outside India in -		
(i) Government Securities (including local authorities)	19,765,979	9,831,909
(ii) Subsidiaries and/or joint ventures abroad	3,185,957	2,995,712
(iii) Others (Equity Shares and Bonds)	1,874,031	2,299,908
Total Investments outside India	24,825,967	15,127,529
Grand Total (I+II)	1,220,062,019	1,175,502,121

^{##} Includes securities costing ₹29,020.93 crores (previous year ₹11,981.89 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

^{**} Net of Repo borrowing of ₹9,517.86 crores (previous year ₹6,194.55 crores) under the Liquidity Adjustment Facility in line with the RBI requirements

Schedule 9 - Advances

(₹ in Thousands)

			As at 31-03-2016	As at 31-03-2015
A.	(i)	Bills purchased and discounted	47,107,156	52,037,662
	(ii)	Cash credits, overdrafts and loans repayable on demand @	965,580,679	804,186,766
	(iii)	Term loans #	2,375,049,394	1,954,605,869
		Total	3,387,737,229	2,810,830,297
B.	(i)	Secured by tangible assets \$	2,548,351,778	2,194,008,860
	(ii)	Covered by Bank/Government Guarantees &&	38,950,273	34,123,543
	(iii)	Unsecured	800,435,178	582,697,894
		Total	3,387,737,229	2,810,830,297
C.	I.	Advances in India		
	(i)	Priority Sector	816,012,439	697,714,885
	(ii)	Public Sector	35,457,656	35,629,745
	(iii)	Banks	3,724,685	2,392,968
	(iv)	Others	2,032,043,809	1,616,864,530
		Total	2,887,238,589	2,352,602,128
	II.	Advances Outside India		
	(i)	Due from banks	1,373,656	1,562,500
	(ii)	Due from others -		
	(a)	Bills purchased and discounted	13,220,139	4,528,093
	(b)	Syndicated loans	120,042,346	117,111,191
	(c)	Others	365,862,499	335,026,385
		Total	500,498,640	458,228,169
		Grand Total (CI+CII)	3,387,737,229	2,810,830,297

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹662.55 crores (previous year ₹1,301.43 crores)

Net of borrowings under Inter Bank Participation Certificate ₹7,483.34 crores (previous year ₹15,317.68 crores)

\$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)

Schedule 10 - Fixed Assets

	(₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
I. Premises		
Gross Block		
At cost at the beginning of the year	9,506,571	9,041,075
Additions during the year	8,800,025	465,496
Deductions during the year	(17,130)	-
Total	18,289,466	9,506,571
Depreciation		
As at the beginning of the year	708,708	556,787
Charge for the year	158,678	151,921
Deductions during the year	(6,708)	-
Depreciation to date	860,678	708,708
Net Block	17,428,788	8,797,863
II. Other fixed assets (including furniture & fixtures)		
Gross Block		
At cost at the beginning of the year	35,463,482	32,507,770
Additions during the year	4,779,949	4,757,982
Deductions during the year	(577,483)	(1,802,270)
Total	39,665,948	35,463,482
Depreciation		
As at the beginning of the year	20,130,851	17,886,636
Charge for the year	4,280,437	3,904,800
Deductions during the year	(478,547)	(1,660,585)
Depreciation to date	23,932,741	20,130,851
Net Block	15,733,207	15,332,631
III. Capital Work-In-Progress (including capital advances)	2,069,724	1,012,611
Grand Total (I+II+III)	35,231,719	25,143,105

Schedule 11 - Other Assets

	(₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	43,874,709	41,505,112
III. Tax paid in advance/tax deducted at source (net of provisions)	3,158,993	2,047,331
IV. Stationery and stamps	8,291	10,081
V. Non banking assets acquired in satisfaction of claims	-	-
VI. Others #@	231,348,817	203,295,577
Total	278,390,810	246,858,101

Includes deferred tax assets of ₹1,958.79 crores (previous year ₹1,886.91 crores) [Refer Schedule 18 (2.2.10)]

@ Includes Priority Sector Shortfall Deposits of ₹16,659.19 crores (previous year ₹14,792.62 crores)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Claims against the Bank not acknowledged as debts	2,634,701	2,740,743
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts:		
a) Forward Contracts	2,556,675,471	2,800,956,981
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,796,648,784	1,641,749,576
c) Foreign Currency Options	429,005,192	238,438,623
Total (a+b+c)	4,782,329,447	4,681,145,180
IV. Guarantees given on behalf of constituents		
In India	558,340,064	582,793,361
Outside India	128,192,798	137,954,192
V. Acceptances, endorsements and other obligations	294,853,158	315,837,757
VI. Other items for which the Bank is contingently liable	408,113,397	191,277,839
Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.16)]	6,174,463,565	5,911,749,072

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2016

Schedule 13 - Interest Earned

(₹ in Thousands)		
	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest/discount on advances/bills	300,405,581	258,678,187
II. Income on investments	93,775,869	84,477,531
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,952,470	2,312,594
IV. Others	12,746,444	9,317,665
Total	409,880,364	354,785,977

Schedule 14 - Other Income

(₹ in Thousands)		
	Year ended 31-03-2016	Year ended 31-03-2015
I. Commission, exchange and brokerage	67,075,650	61,210,700
II. Profit/(Loss) on sale of investments (net) [Refer Schedule 18(2.2.1)]	10,186,480	9,949,036
III. Profit/(Loss) on sale of fixed assets (net) [Refer Schedule 18(2.2.1)]	62,010	(35,854)
IV. Profit on exchange/derivative transactions (net)	12,750,694	9,841,234
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	1,397,525	338,125
VI. Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹160.49 crores (previous year ₹169.86 crores) and net profit on account of portfolio sell downs/ securitisation ₹6.12 crores (previous year ₹43.40 crores)]	2,242,285	2,347,217
Total	93,714,644	83,650,458

Schedule 15 - Interest Expended

(₹ in Thousands)		
	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest on deposits	185,402,135	171,368,102
II. Interest on Reserve Bank of India/Inter-bank borrowings	20,672,680	15,170,269
III. Others	35,475,860	26,006,224
Total	241,550,675	212,544,595

Schedule 16 - Operating Expenses

(₹ in Thousands)		
	Year ended 31-03-2016	Year ended 31-03-2015
I. Payments to and provisions for employees	33,760,064	31,149,697
II. Rent, taxes and lighting	6,740,961	8,102,644
III. Printing and stationery	1,383,908	1,183,585
IV. Advertisement and publicity	883,416	905,679
V. Depreciation on bank's property	4,439,115	4,056,721
VI. Directors' fees, allowance and expenses	21,146	17,596
VII. Auditors' fees and expenses	16,411	15,692
VIII. Law charges	170,562	108,424
IX. Postage, telegrams, telephones etc.	2,579,313	3,069,818
X. Repairs and maintenance	7,142,770	7,323,168
XI. Insurance	4,154,531	3,663,895
XII. Other expenditure	39,715,989	32,440,537
Total	101,008,186	92,037,456

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2016

1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products. The Bank is primarily governed by the Banking Regulation Act, 1949. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo.

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

3 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, revenues and expenses during the reporting period and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

4 Significant accounting policies

4.1 Investments

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories – Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;
- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and
- security receipts are valued as per the NAV obtained from the issuing Reconstruction Company/Securitisation Company.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account. Realised gains/losses on investments under the AFS and HFT category are recognised in the Profit and Loss Account.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities [excluding those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI] are accounted as collateralised borrowing and lending respectively. Such transactions done under LAF and MSF are accounted as outright sale and outright purchase respectively.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

4.2 Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs and floating provisions. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

In addition to the above, the Bank on a prudential basis, makes provision for expected losses against advances or other exposures to specific assets/industry/sector either on a case-by-case basis or for a group of assets, based on specific information or general economic environment. These are classified as contingent provision and included under Schedule 5 - Other Liabilities in the Balance Sheet.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by the Management.

Amounts recovered against debts written off are recognised in the Profit and Loss account.

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring.

The Bank makes provision in accordance with the RBI guidelines, on assets subjected to Strategic Debt Restructuring.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision on an estimated basis against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

4.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

4.4 Securitisation

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012, on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securitisation is immediately debited to the Profit and Loss Account.

4.5 Foreign currency transactions

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing rates notified by FEDAI at the year end.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.6 Derivative transactions

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. The premium on option contracts is accounted for as per FEDAI guidelines. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark to Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account and are held in separate Suspense Account.

Currency futures contracts are marked to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

4.7 Revenue recognition

Interest income is recognised on an accrual basis except interest income on non-performing assets, which is recognised on receipt in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines.

Fees and commission income is recognised when due, except for guarantee commission which is recognised on a pro-rata basis over the period of the guarantee.

Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

4.8 Fixed assets and depreciation/impairment

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	Estimated useful life
Owned premises	60 years
Computer hardware including printers	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV and video conferencing equipment	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	10 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Assets at staff residence	3 years
All other fixed assets	10 years

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Profit on sale of premises is appropriated to Capital Reserve Account in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.9 Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

4.10 Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

Compensated Absences

Short term compensated absences are provided for based on estimates of encashment/availment of leave. The Bank provides long term compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

4.11 Reward points

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.12 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

4.13 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.14 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

4.15 Employee stock option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

4.16 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

NOTES

forming part of the financial statements for the year ended 31 March, 2016

(Currency: In Indian Rupees)

- The shareholders of the Bank at the 20th Annual General Meeting held on 27 June, 2014, approved the sub-division (split) of one equity share of the Bank from nominal value of ₹10/- each into five equity shares of nominal value of ₹2/- each. The record date for the sub-division was 30 July, 2014. All shares, stock options and per share information in the financial statements reflect the effect of sub-division (split) retrospectively for the earlier reporting periods.

2. Statutory disclosures as per RBI

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

	(₹ in crores)	
For the year ended	31 March, 2016	31 March, 2015
Provision for income tax		
- Current tax	4,241.96	3,852.37
- Deferred tax (Refer 2.2.10)	(71.87)	(153.36)
	4,170.09	3,699.01
Provision for wealth tax	(0.05)	0.93
Provision for non-performing assets (including bad debts written off and write backs)	3,800.46	1,788.61
Provision for restructured assets/strategic debt restructuring	(61.78)	(81.88)
Provision towards standard assets	387.00	290.22
Provision for depreciation in value of investments	84.01	(50.98)
Provision for unhedged foreign currency exposure	1.62	133.66
Provision for other contingencies*	(501.40)	248.05
Total	7,879.95	6,027.62

* includes contingent provision for advances/other exposures, legal cases and other contingencies

2.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Capital adequacy		
Common Equity Tier I	50,409.23	41,680.96
Tier I	50,517.51	41,680.96
Tier II	11,231.79	10,423.85
Total capital	61,749.30	52,104.81
Total risk weighted assets and contingents	403,949.18	345,200.44
Capital ratios		
Common Equity Tier I	12.48%	12.07%
Tier I	12.51%	12.07%
Tier II	2.78%	3.02%
CRAR	15.29%	15.09%
Amount of equity capital raised	-	-
Amount of additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
Amount of Tier II capital raised of which:		
Debt capital instrument (details given below)	1,500.00	850.00
Preferential capital instrument	-	-

During the year ended 31 March, 2016, the Bank raised subordinated debt of ₹1,500 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
30 September, 2025	120 months	8.50%	₹1,500 crores

During the year ended 31 March, 2015, the Bank raised subordinated debt of ₹850 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
12 February, 2025	120 months	8.45%	₹850 crores

During the year ended 31 March, 2016, the Bank redeemed subordinated debt of ₹370 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
22 March, 2016	120 months	8.75%	₹360 crores
22 March, 2016	120 months	8.56%	₹10 crores

The Bank has not redeemed subordinated debt during the year ended 31 March, 2015.

2.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2016 and 31 March, 2015.

2.1.4 The key business ratios and other information is set out below:

As at	31 March, 2016 %	31 March, 2015 %
Interest income as a percentage to working funds [#]	8.59	8.81
Non-interest income as a percentage to working funds [#]	1.96	2.08
Operating profit as a percentage to working funds [#]	3.38	3.33
Return on assets (based on working funds) [#]	1.72	1.83
Business (deposits less inter-bank deposits plus advances) per employee ^{**}	₹14.84 crores	₹13.71 crores
Profit per employee ^{**}	₹0.18 crores	₹0.17 crores
Net non-performing assets as a percentage of net customer assets *	0.70	0.44

[#] Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

* Net Customer assets include advances and credit substitutes representing Non-SLR investments through primary market.

** Productivity ratios are based on average employee numbers for the year

2.1.5 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2016 was 72.27% (previous year 77.73%).

NOTES (CONT.)

2.1.6 Asset Quality

- i) Net non-performing advances to net advances is set out below:

	31 March, 2016 %	31 March, 2015 %
Net non-performing advances as a percentage of net advances	0.74	0.46

- ii) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2016			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	3,866.91	243.28	-	4,110.19
Intra Category Transfer	-	-	-	-
Additions (fresh NPAs) during the year	7,241.14	66.26	37.16	7,344.56
Sub-total (A)	11,108.05	309.54	37.16	11,454.75
Less:-				
(i) Upgradations	341.87	-	-	341.87
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,683.27	9.04	10.53	1,702.84
(iii) Technical/Prudential Write-offs	1,470.55	61.47	1.99	1,534.01
(iv) Write-offs other than those under (iii) above	1,763.88	-	24.64	1,788.52
Sub-total (B)	5,259.57	70.51	37.16	5,367.24
Gross NPAs as at the end of the year (A-B)	5,848.48	239.03	-	6,087.51

(₹ in crores)

	31 March, 2015			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	3,001.42	144.91	0.08	3,146.41
Intra Category Transfer	0.08	-	(0.08)	-
Additions (fresh NPAs) during the year	2,747.81	106.58	-	2,854.39
Sub-total (A)	5,749.31	251.49	-	6,000.80
Less:-				
(i) Upgradations	317.16	-	-	317.16
(ii) Recoveries (excluding recoveries made from upgraded accounts)	355.33	-	-	355.33
(iii) Technical/Prudential Write-offs	832.48	-	-	832.48
(iv) Write-offs other than those under (iii) above	377.43	8.21	-	385.64
Sub-total (B)	1,882.40	8.21	-	1,890.61
Gross NPAs as at the end of the year (A-B)	3,866.91	243.28	-	4,110.19

* represents amount outstanding under application money classified as non-performing asset

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2016			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	1,286.97	29.74	-	1,316.71
Additions during the year	4,400.89	(15.69)	21.10	4,406.30
Effect of exchange rate fluctuation	(10.35)	(0.62)	-	(10.97)
Reductions during the year	(3,088.14)	(9.88)	(21.10)	(3,119.12)
Interest Capitalisation – Restructured NPA Accounts	(70.78)	-	-	(70.78)
Closing balance at the end of the year*	2,518.59	3.55	-	2,522.14

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹172.00 crores

(₹ in crores)

	31 March, 2015			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	1,015.13	9.49	-	1,024.62
Additions during the year	1,012.22	20.69	(0.08)	1,032.83
Effect of exchange rate fluctuation	(10.50)	(0.44)	-	(10.94)
Reductions during the year	(655.87)	(8.21)	-	(664.08)
Interest Capitalisation – Restructured NPA Accounts	(74.01)	8.21	0.08	(65.72)
Closing balance at the end of the year*	1,286.97	29.74	-	1,316.71

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹101.22 crores

iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2016			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	2,481.79	210.47	-	2,692.26
Intra-Category Transfer	-	-	-	-
Provisions made during the year	2,786.61	81.95	16.06	2,884.62
Effect of exchange rate fluctuation	10.35	0.62	-	10.97
Transfer from restructuring provision	53.64	-	-	53.64
Write-offs/(write back) of excess provision	(2,171.43)*	(60.63)	(16.06)	(2,248.12)
Closing balance at the end of the year	3,160.96	232.41	-	3,393.37

* includes provision utilised for sale of NPAs amounting to ₹498.62 crores

(₹ in crores)

	31 March, 2015			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	1,962.15	124.14	-	2,086.29
Intra-Category Transfer	-	-	-	-
Provisions made during the year	1,715.68	85.89	-	1,801.57
Effect of exchange rate fluctuation	10.50	0.44	-	10.94
Transfer from restructuring provision	19.99	-	-	19.99
Write-offs/(write back) of excess provisions	(1,226.53)*	-	-	(1,226.53)
Closing balance at the end of the year	2,481.79	210.47	-	2,692.26

* includes provision utilised for sale of NPAs amounting to ₹20.39 crores

NOTES (CONT.)

v) Movement in technical/prudential written off accounts is set out below:

(₹ in crores)

	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year	2,255.57	1,694.13
Add: Technical/Prudential write-offs during the year	1,534.01	832.48
Sub-total (A)	3,789.58	2,526.61
Less: Recovery made from previously technical/prudential written-off accounts during the year	113.87	132.83
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	48.56	138.21
Sub-total (B)	162.43	271.04
Closing balance at the end of the year (A-B)	3,627.15	2,255.57

vi) Total exposure to top four non-performing assets is given below:

(₹ in crores)

	31 March, 2016	31 March, 2015
Total exposure to top four NPA accounts	1,121.06	931.34

vii) Sector-wise advances:

(₹ in crores)

Sr. No.	Sector	31 March, 2016			31 March, 2015		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	22,846.55	557.71	2.44%	17,878.06	404.61	2.26%
2	Advances to industries sector eligible as priority sector lending	17,236.22	302.01	1.75%	16,726.92	256.30	1.53%
-	Basic Metal & Metal Products	1,656.87	43.17	2.61%	1,380.51	18.74	1.36%
-	Infrastructure	646.23	15.43	2.39%	506.78	8.82	1.74%
3	Services	15,318.79	271.96	1.78%	12,779.07	78.68	0.62%
-	Banking and Finance other than NBFCs and MFs	3,452.87	94.78	2.74%	4,899.58	14.59	0.30%
-	Commercial Real Estate	268.85	6.55	2.44%	114.52	0.43	0.38%
-	Trade	7,784.33	144.25	1.85%	6,505.10	52.87	0.81%
4	Personal loans	26,964.96	175.91	0.65%	22,896.47	108.82	0.48%
-	Housing	23,620.65	90.73	0.38%	18,531.98	69.17	0.37%
	Sub-total (A)	82,366.52	1,307.59	1.59%	70,280.52	848.41	1.21%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	22.68	-	-
2	Industry	123,016.88	2,817.80	2.29%	101,326.00	1,696.24	1.67%
-	Basic Metal & Metal Products	18,637.41	172.80	0.93%	14,714.28	128.15	0.87%
-	Infrastructure	47,196.13	917.46	1.94%	36,449.43	394.70	1.08%

(₹ in crores)

Sr. No.	Sector	31 March, 2016			31 March, 2015		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
3	Services	54,104.27	1,143.99	2.11%	42,988.97	870.63	2.03%
-	<i>Banking and Finance other than NBFCs and MFs</i>	6,448.59	-	-	4,934.56	-	-
-	<i>Commercial Real Estate</i>	15,302.23	143.79	0.94%	11,129.20	65.00	0.58%
-	<i>Trade</i>	10,380.73	390.22	3.76%	8,727.17	123.36	1.41%
4	Personal loans	82,824.28	579.10	0.70%	69,390.57	451.63	0.65%
-	<i>Housing</i>	40,266.78	214.97	0.53%	36,408.22	137.43	0.38%
	Sub-total (B)	259,945.43	4,540.89	1.75%	213,728.22	3,018.50	1.41%
	Total (A+B)	342,311.95	5,848.48	1.71%	284,008.74	3,866.91	1.36%

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

2.1.7 During the years ended 31 March, 2016 and 31 March, 2015; none of the exposures to Indian corporates at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

2.1.8 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
Closing balance at the end of the year	3.25	3.25

The Bank has not made any draw down out of the floating provision during the current and the previous year.

2.1.9 Provision on Standard Assets

(₹ in crores)

	31 March, 2016	31 March, 2015
Provision towards Standard Assets [includes ₹21.54 crores (previous year ₹19.13 crores) of standard provision on derivative exposures]	1,999.77	1,595.65

NOTES (CONT.)

2.1.10 Details of Investments are set out below:

i) Value of Investments:

		(₹ in crores)	
		31 March, 2016	31 March, 2015
1)	Gross value of Investments		
a)	In India	119,973.28	116,361.35
b)	Outside India	2,487.95	1,471.67
2)	(i) Provision for Depreciation		
a)	In India	(222.62)	(126.62)
b)	Outside India	-	54.28
	(ii) Provision for Non-Performing Investments		
a)	In India	(227.06)	(197.27)
b)	Outside India	(5.35)	(13.20)
3)	Net value of Investments		
a)	In India	119,523.60	116,037.46
b)	Outside India	2,482.60	1,512.75

ii) Movement of provisions held towards depreciation on investments:

		(₹ in crores)	
		31 March, 2016	31 March, 2015
	Opening balance	72.34	123.32
	Add: Provisions made during the year	150.28	52.21
	Less: Write offs/write back of excess provisions during the year	-	103.19
	Closing balance	222.62	72.34

2.1.11 A summary of lending to sensitive sectors is set out below:

		(₹ in crores)	
As at		31 March, 2016	31 March, 2015
A. Exposure to Real Estate Sector			
1)	Direct Exposure		
(i)	Residential mortgages	74,755.77	63,757.61
	- of which housing loans eligible for inclusion in priority sector advances	20,953.54	19,523.78
(ii)	Commercial real estate	24,715.95	20,759.52
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a.	Residential	-	-
b.	Commercial real estate	75.00	75.00
2)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,343.91	12,332.48
	Total Exposure to Real Estate Sector	111,890.63	96,924.61
B. Exposure to Capital Market			
1.	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	1,265.62	904.84
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	1.94	3.19
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,189.02	1,159.56

(₹ in crores)

As at	31 March, 2016	31 March, 2015
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	4,458.99	4,236.16
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	4,556.62	4,198.67
6. Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	12.59	2.34
7. Bridge loans to companies against expected equity flows/issues	2.23	3.59
8. Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9. Financing to stock brokers for margin trading	-	-
10. All exposures to Venture Capital Funds (both registered and unregistered)	88.10	104.43
Total exposure to Capital Market (Total of 1 to 10)	11,575.11	10,612.78

* excludes investment in equity shares on account of conversion of debt into equity as part of Strategic Debt Restructuring amounting to ₹27.22 crores for the year ended 31 March, 2016 which are exempted from exposure to Capital Market

2.1.12 As on 31 March, 2016, outstanding receivables acquired by the Bank under factoring stood at ₹12.95 crores which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

2.1.13 During the years ended 31 March, 2016 and 31 March, 2015 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

2.1.14 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March, 2016 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	4,506.81	3,579.86	336.30	-	49.00
ii.	Financial Institutions	2,837.05	1,273.80	0.30	-	2.00
iii.	Banks	5,876.60	4,780.19	102.84	-	4,611.53
iv.	Private Corporates	20,059.26	16,666.34	2,995.80	750.06	6,367.41
v.	Subsidiaries	1,274.53	1,274.53	-	-	1,274.53
vi.	Others	2,863.99	1,569.67	-	0.15	1,676.02
vii.	Provision held towards depreciation on investments	(222.62)				
viii.	Provision held towards non performing investments	(232.41)				
	Total	36,963.21	29,144.39	3,435.24	750.21	13,980.49

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

NOTES (CONT.)

Issuer composition as at 31 March, 2015 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	4,911.76	4,016.26	-	-	40.59
ii.	Financial Institutions	2,723.71	1,210.64	-	-	2.00
iii.	Banks	7,031.48	990.50	-	-	5,452.24
iv.	Private Corporates	19,460.90	16,369.10	3,803.95	1,169.33	3,744.49
v.	Subsidiaries	1,169.01	1,169.01	-	-	1,169.01
vi.	Others	1,290.15	306.96	-	-	851.82
vii.	Provision held towards depreciation on investments	(72.34)				
viii.	Provision held towards non performing investments	(210.47)				
Total		36,304.20	24,062.47	3,803.95	1,169.33	11,260.15

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

* excludes investments in non-SLR government securities amounting to ₹1,017.83 crores (previous year ₹84.51 crores)

ii) Non-performing non-SLR investments is set out below:

(₹ in crores)

	31 March, 2016	31 March, 2015
Opening balance	243.28	144.91
Additions during the year	66.26	106.58
Reductions during the year	(70.51)	(8.21)
Closing balance	239.03	243.28
Total provisions held	232.41	210.47

2.1.15 Details of securities sold/purchased (in face value terms) during the years ended 31 March, 2016 and 31 March, 2015 under repos/reverse repos (excluding LAF transactions):

Year ended 31 March, 2016

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2016
Securities sold under repos				
i. Government Securities	-	3,904.87	373.05	-
ii. Corporate debt Securities	-	580.00	198.40	-
Securities purchased under reverse repos				
i. Government Securities	-	10,032.59	1,013.63	3,938.23
ii. Corporate debt Securities	-	25.00	0.07	-

Year ended 31 March, 2015

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2015
Securities sold under repos				
i. Government Securities	-	4,515.08	175.26	-
ii. Corporate debt Securities	-	143.75	15.90	-
Securities purchased under reverse repos				
i. Government Securities	-	8,387.80	1,197.93	8,387.80
iii. Corporate debt Securities	-	-	-	-

2.1.16 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2016	31 March, 2015
Number of accounts*	7	15
Aggregate value (net of provisions) of accounts sold	1,676.24	18.99
Aggregate consideration	764.75	33.11
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	(911.49)	14.12

* Excludes 1 account already written-off from books amounting to ₹8.75 crores (previous year 5 accounts amounting to ₹42.00 crores)

In accordance with the RBI guidelines on sale of NPAs, banks can spread over any shortfall, if the sale value is lower than the net book value, over a period of two years. The Bank has not spread any such shortfall arising during the year ended 31 March, 2016.

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	As on 31 March, 2016	As on 31 March, 2015	As on 31 March, 2016	As on 31 March, 2015	As on 31 March, 2016	As on 31 March, 2015
Book value of investments in security receipts	789.82*	248.16	10.55	11.57	800.37	259.73

* excludes application money of ₹85.00 crores (previous year Nil)

2.1.17 During the years ended 31 March, 2016 and 31 March, 2015 there were no Non-Performing Financial Assets purchased/sold by the Bank from/to other banks (excluding securitisation/reconstruction companies).

2.1.18 Details of securitisation transactions undertaken by the Bank are as follows:

(₹ in crores)

Sr. No.	Particulars	31 March, 2016	31 March, 2015
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-

NOTES (CONT.)

(₹ in crores)

Sr. No.	Particulars	31 March, 2016	31 March, 2015
b)	On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b)	On-balance sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

2.1.19 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2016	31 March, 2015
Total deposits of twenty largest depositors	39,023.06	40,662.19
Percentage of deposits of twenty largest depositors to total deposits	10.90	12.61

2.1.20 The information on concentration of advances* is given below:

(₹ in crores)

	31 March, 2016	31 March, 2015
Total advances to twenty largest borrowers	53,902.14	51,643.70
Percentage of advances to twenty largest borrowers to total advances of the Bank	10.21	11.01

* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

2.1.21 The information on concentration of exposure* is given below:

(₹ in crores)

	31 March, 2016	31 March, 2015
Total exposure to twenty largest borrowers/customers	71,942.91	67,703.30
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	12.41	13.06

* Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting short fall in Priority Sector Lending

2.1.22 During the years ended 31 March, 2016 and 31 March, 2015, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.23 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2016	Provision Held as at 31 March, 2016	Exposure (Net) as at 31 March, 2015	Provision Held as at 31 March, 2015
Insignificant	-	-	-	-
Low	23,210.36	-	17,551.08	-
Moderate	1,605.58	-	2,972.54	-
High	2,804.75	-	2,404.28	-
Very High	1,212.24	-	1,205.42	-
Restricted	0.68	-	-	-
Off-Credit	-	-	-	-
Total	28,833.61	-	24,133.32	-

2.1.24 A maturity pattern of certain items of assets and liabilities at 31 March, 2016 and 31 March, 2015 is set out below:

Year ended 31 March, 2016

(₹ in crores)

	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	3,892.93	4,206.00	16,709.87	10.81	5,380.12	175.87
2 days to 7 days	11,888.80	3,738.62	4,043.56	35.75	3,088.48	464.30
8 days to 14 days	5,985.75	3,156.66	2,786.89	1,143.51	1,665.67	1,400.20
15 days to 30 days	7,942.96	4,697.41	3,525.10	3,691.71	2,784.15	3,902.98
31 days and upto 2 months	15,650.28	6,395.99	4,399.47	8,527.12	2,674.76	8,746.67
Over 2 months and upto 3 months	14,979.17	10,480.53	4,197.73	4,667.88	5,040.94	5,676.58
Over 3 months and upto 6 months	33,112.05	13,419.27	7,069.88	9,781.37	4,608.67	8,648.05
Over 6 months and upto 1 year	68,263.61	28,192.44	18,734.33	21,464.92	12,556.15	32,118.44
Over 1 year and upto 3 years	36,767.87	60,521.06	13,508.05	22,771.23	12,030.06	14,716.06
Over 3 years and upto 5 years	11,713.63	43,764.72	5,400.62	9,970.72	9,851.90	7,552.73
Over 5 years	147,770.51	160,201.02	41,630.70	17,161.36	27,141.48	2,501.53
Total	357,967.56	338,773.72	122,006.20	99,226.38	86,822.38	85,903.41

Year ended 31 March, 2015

(₹ in crores)

	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	3,487.11	3,376.71	14,174.30	95.23	2,573.71	121.47
2 days to 7 days	13,848.67	1,630.75	1,668.29	417.38	3,718.38	646.06
8 days to 14 days	6,782.45	2,633.26	1,466.93	595.21	1,088.87	547.50
15 days to 30 days	9,243.32	6,185.66	1,434.52	1,744.30	3,091.86	1,749.52
31 days and upto 2 months	13,173.63	6,531.27	8,534.88	1,592.12	3,101.02	2,550.16
Over 2 months and upto 3 months	10,952.47	7,708.65	3,682.42	2,402.39	2,054.67	4,490.55
Over 3 months and upto 6 months	23,064.54	12,532.52	9,625.02	8,439.18	4,846.97	8,265.01
Over 6 months and upto 1 year	40,701.47	19,564.37	17,069.13	20,123.76	6,115.71	13,277.51
Over 1 year and upto 3 years	56,206.76	58,341.24	19,192.48	20,830.78	17,760.69	34,605.08
Over 3 years and upto 5 years	16,600.54	32,965.09	10,786.11	6,223.74	8,510.98	4,468.73
Over 5 years	128,380.98	129,613.51	44,708.75	17,294.18	28,880.66	9,542.40
Total	322,441.94	281,083.03	132,342.83	79,758.27	81,743.52	80,263.99

NOTES (CONT.)

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding off balance sheet items.

* For the purpose of disclosing the maturity pattern, loans and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

2.1.25 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2016 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	50	1	6	7	64	-	-	-	-	-
	Amount Outstanding – Restructured facility	5,460.31	21.05	314.52	181.87	5,977.75	-	-	-	-	-
	Amount Outstanding – Other facility	894.71	0.81	14.44	1.59	911.55	-	-	-	-	-
	Provision thereon	224.12	1.22	11.60	-	236.94	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(77.39)	-	(1.18)	(0.01)	(78.58)	-	-	-	-	-
	Amount Outstanding – Other facility	288.36	0.81	11.13	-	300.30	-	-	-	-	-
	Provision thereon	(68.17)	(0.30)	(2.82)	-	(71.29)	-	-	-	-	-
Fresh Restructuring during the year ^{1,2,3}	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	91.45	-	-	-	91.45	-	-	-	-	-
	Amount Outstanding – Other facility	333.19	-	-	-	333.19	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(5)	-	-	-	(5)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(447.12)	-	-	-	(447.12)	-	-	-	-	-
	Amount Outstanding – Other facility	(150.28)	-	-	-	(150.28)	-	-	-	-	-
	Provision thereon	(16.05)	-	-	-	(16.05)	-	-	-	-	-
Downgradation of restructured accounts during the FY ⁴	No. of borrowers	(7)	(1)	7	3	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(1,165.24)	(20.53)	933.02	308.64	55.89	-	-	-	-	-
	Amount Outstanding – Other facility	(94.56)	(1.52)	96.08	25.05	25.05	-	-	-	-	-
	Provision thereon	(17.40)	(0.92)	18.32	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY ^{5,6,7}	No. of borrowers	(1)	-	(3)	(4)	(8)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(339.82)	(0.52)	(644.82)	(392.62)	(1,377.78)	-	-	-	-	-
	Amount Outstanding – Other facility	(100.85)	(0.10)	(73.02)	-	(173.97)	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	37	-	10	6	53	-	-	-	-	-
	Amount Outstanding – Restructured facility	3,522.19	-	601.54	97.88	4,221.61	-	-	-	-	-
	Amount Outstanding – Other facility	1,170.57	-	48.63	26.64	1,245.84	-	-	-	-	-
	Provision thereon	122.50	-	27.10	-	149.60	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1,334	11	188	80	1,613	1,384	12	194	87	1,677
	Amount Outstanding – Restructured facility	3,748.93	0.51	150.08	248.44	4,147.96	9,209.24	21.56	464.60	430.31	10,125.71
	Amount Outstanding – Other facility	940.63	0.22	2.22	2.40	945.47	1,835.34	1.03	16.66	3.99	1,857.02
	Provision thereon	106.99	-	3.81	-	110.80	331.11	1.22	15.41	-	347.74
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	214.92	-	(0.71)	(0.39)	213.82	137.53	-	(1.89)	(0.40)	135.24
	Amount Outstanding – Other facility	189.22	-	-	-	189.22	477.58	0.81	11.13	-	489.52
	Provision thereon	(39.99)	-	-	-	(39.99)	(108.16)	(0.30)	(2.82)	-	(111.28)
Fresh Restructuring during the year ^{1,2,3}	No. of borrowers	156	-	-	-	156	156	-	-	-	156
	Amount Outstanding – Restructured facility	2,149.58	-	-	-	2,149.58	2,241.03	-	-	-	2,241.03
	Amount Outstanding – Other facility	265.94	-	-	-	265.94	599.13	-	-	-	599.13
	Provision thereon	7.90	-	-	-	7.90	7.90	-	-	-	7.90
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(171)	-	-	-	(171)	(176)	-	-	-	(176)
	Amount Outstanding – Restructured facility	(166.25)	-	-	-	(166.25)	(613.37)	-	-	-	(613.37)
	Amount Outstanding – Other facility	(2.54)	-	-	-	(2.54)	(152.82)	-	-	-	(152.82)
	Provision thereon	-	-	-	-	-	(16.05)	-	-	-	(16.05)
Downgradation of restructured accounts during the FY ⁴	No. of borrowers	(344)	(9)	344	15	6	(351)	(10)	351	18	8
	Amount Outstanding – Restructured facility	(666.88)	(0.39)	656.81	27.23	16.77	(1,832.12)	(20.92)	1,589.83	335.87	72.66
	Amount Outstanding – Other facility	(127.21)	(0.21)	122.87	9.16	4.61	(221.77)	(1.73)	218.95	34.21	29.66
	Provision thereon	(13.39)	-	13.39	-	-	(30.79)	(0.92)	31.71	-	-
Write-offs of restructured accounts during the FY ^{5,6,7}	No. of borrowers	(154)	(1)	(251)	(64)	(470)	(155)	(1)	(254)	(68)	(478)
	Amount Outstanding – Restructured facility	(69.07)	(0.08)	(21.11)	(206.80)	(297.06)	(408.89)	(0.60)	(665.93)	(599.42)	(1,674.84)
	Amount Outstanding – Other facility	(49.41)	(0.01)	(1.99)	(0.68)	(52.09)	(150.26)	(0.11)	(75.01)	(0.68)	(226.06)
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	821	1	281	31	1,134	858	1	291	37	1,187
	Amount Outstanding – Restructured facility	5,211.23	0.04	785.07	68.48	6,064.82	8,733.42	0.04	1,386.61	166.36	10,286.43
	Amount Outstanding – Other facility	1,216.63	-	123.10	10.88	1,350.61	2,387.20	-	171.73	37.52	2,596.45
	Provision thereon	61.51	-	17.20	-	78.71	184.01	-	44.30	-	228.31

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2016:

1. Amount reported here represents outstanding as on 31 March, 2016. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹2,266.67 crores for the FY 2015-16
2. Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts
3. Includes ₹497.23 crores of fresh/additional sanction to existing restructured accounts (₹93.21 crores under restructured facility and ₹404.02 crores under other facility)
4. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
5. Includes accounts partially written-off during the year
6. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
7. Includes ₹802.72 crores of reduction from existing restructured accounts by way of sale/recovery (₹623.75 crores from restructured facility and ₹178.96 crores from other facility)
8. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalisation account upto 31 March, 2016 aggregated ₹8,072.42 crores
9. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

NOTES (CONT.)

Details of loans subjected to restructuring during the year ended 31 March, 2015 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	45	1	3	5	54	-	-	-	-	-
	Amount Outstanding – Restructured facility	4,719.82	8.58	145.10	126.13	4,999.63	-	-	-	-	-
	Amount Outstanding – Other facility	470.57	-	-	7.53	478.10	-	-	-	-	-
	Provision thereon	319.47	0.50	17.84	-	337.81	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	298.03	0.31	0.18	(0.05)	298.47	-	-	-	-	-
	Amount Outstanding – Other facility	238.65	-	-	-	238.65	-	-	-	-	-
	Provision thereon	(123.67)	(0.15)	(17.83)	-	(141.65)	-	-	-	-	-
Fresh Restructuring during the year ^{1,2,3}	No. of borrowers	15	1	-	-	16	-	-	-	-	-
	Amount Outstanding – Restructured facility	881.83	21.05	-	-	902.88	-	-	-	-	-
	Amount Outstanding – Other facility	245.65	0.81	-	-	246.46	-	-	-	-	-
	Provision thereon	41.78	1.22	-	-	43.00	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(4)	-	-	-	(4)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(94.58)	-	-	-	(94.58)	-	-	-	-	-
	Amount Outstanding – Other facility	(34.97)	-	-	-	(34.97)	-	-	-	-	-
	Provision thereon	(2.20)	-	-	-	(2.20)	-	-	-	-	-
Downgradation of restructured accounts during the FY ⁴	No. of borrowers	(6)	(1)	3	4	-	-	-	-	-	
	Amount Outstanding – Restructured facility	(307.32)	(5.94)	169.74	143.53	0.01	-	-	-	-	
	Amount Outstanding – Other facility	(14.44)	-	14.44	-	-	-	-	-	-	
	Provision thereon	(11.26)	(0.35)	11.59	-	(0.02)	-	-	-	-	
Write-offs of restructured accounts during the FY ^{5,6,7}	No. of borrowers	-	-	-	(2)	(2)	-	-	-	-	
	Amount Outstanding – Restructured facility	(37.47)	(2.95)	(0.50)	(87.74)	(128.66)	-	-	-	-	
	Amount Outstanding – Other facility	(10.75)	-	-	(5.94)	(16.69)	-	-	-	-	
	Provision thereon	-	-	-	-	-	-	-	-	-	
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	50	1	6	7	64	-	-	-	-	
	Amount Outstanding – Restructured facility	5,460.31	21.05	314.52	181.87	5,977.75	-	-	-	-	
	Amount Outstanding – Other facility	894.71	0.81	14.44	1.59	911.55	-	-	-	-	
	Provision thereon	224.12	1.22	11.60	-	236.94	-	-	-	-	

(₹ in crores)

Type of Restructuring		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1,603	60	84	33	1,780	1,648	61	87	38	1,834
	Amount Outstanding – Restructured facility	2,300.65	5.75	24.19	61.67	2,392.26	7,020.47	14.33	169.29	187.80	7,391.89
	Amount Outstanding – Other facility	403.82	1.29	3.30	6.02	414.43	874.39	1.29	3.30	13.55	892.53
	Provision thereon	110.86	0.07	0.62	-	111.55	430.33	0.57	18.46	-	449.36
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	111.91	-	-	-	111.91	409.94	0.31	0.18	(0.05)	410.38
	Amount Outstanding – Other facility	54.50	-	0.50	0.07	55.07	293.15	-	0.50	0.07	293.72
	Provision thereon	(49.53)	(0.07)	(0.62)	-	(50.22)	(173.20)	(0.22)	(18.45)	-	(191.87)
Fresh Restructuring during the year ^{1,2,3}	No. of borrowers	100	-	-	-	100	115	1	-	-	116
	Amount Outstanding – Restructured facility	1,938.79	-	-	-	1,938.79	2,820.62	21.05	-	-	2,841.67
	Amount Outstanding – Other facility	505.09	-	-	-	505.09	750.74	0.81	-	-	751.55
	Provision thereon	52.31	-	-	-	52.31	94.09	1.22	-	-	95.31
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(14)	-	-	-	(14)	(18)	-	-	-	(18)
	Amount Outstanding – Restructured facility	(40.39)	-	-	-	(40.39)	(134.97)	-	-	-	(134.97)
	Amount Outstanding – Other facility	(0.64)	-	-	-	(0.64)	(35.61)	-	-	-	(35.61)
	Provision thereon	(2.84)	-	-	-	(2.84)	(5.04)	-	-	-	(5.04)
Downgradation of restructured accounts during the FY ⁴	No. of borrowers	(189)	(42)	170	69	8	(195)	(43)	173	73	8
	Amount Outstanding – Restructured facility	(391.68)	(4.41)	135.26	262.39	1.56	(699.00)	(10.35)	305.00	405.92	1.57
	Amount Outstanding – Other facility	(1.37)	(0.85)	0.04	2.32	0.14	(15.81)	(0.85)	14.48	2.32	0.14
	Provision thereon	(3.81)	-	3.81	-	-	(15.07)	(0.35)	15.40	-	(0.02)

(₹ in crores)

Type of Restructuring		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Write-offs of restructured accounts during the FY ^{5,6,7}	No. of borrowers	(166)	(7)	(66)	(22)	(261)	(166)	(7)	(66)	(24)	(263)
	Amount Outstanding – Restructured facility	(170.35)	(0.83)	(9.37)	(75.62)	(256.17)	(207.82)	(3.78)	(9.87)	(163.36)	(384.83)
	Amount Outstanding – Other facility	(20.77)	(0.22)	(1.62)	(6.01)	(28.62)	(31.52)	(0.22)	(1.62)	(11.95)	(45.31)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1,334	11	188	80	1,613	1,384	12	194	87	1,677
	Amount Outstanding – Restructured facility	3,748.93	0.51	150.08	248.44	4,147.96	9,209.24	21.56	464.60	430.31	10,125.71
	Amount Outstanding – Other facility	940.63	0.22	2.22	2.40	945.47	1,835.34	1.03	16.66	3.99	1,857.02
	Provision thereon	106.99	-	3.81	-	110.80	331.11	1.22	15.41	-	347.74

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2015

1. Amount reported here represents outstanding as on 31 March, 2015. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹2,721.86 crores for the FY 2014-15
2. Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts
3. Includes ₹234.72 crores of fresh/additional sanction to existing restructured accounts (₹0.28 crores under restructured facility and ₹234.44 crores under other facility)
4. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
5. Includes accounts partially written-off during the year
6. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
7. Includes ₹248.62 crores of reduction from existing restructured accounts by way of sale/recovery (₹216.20 crores from restructured facility and ₹32.42 crores from other facility)
8. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalisation account upto 31 March, 2015 aggregated ₹8,165.59 crores
9. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

2.1.26 Disclosure in respect of Interest Rate Swaps ('IRS'), Forward Rate Agreement ('FRA') and Cross Currency Swaps ('CCS') outstanding is set out below:

(₹ in crores)

Sr. No.	Items	As at 31 March, 2016	As at 31 March, 2015
i)	Notional principal of swap agreements	179,664.88	162,401.82
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,527.55	2,321.49
iii)	Collateral required by the Bank upon entering into swaps	652.85	570.34
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
-	Interest Rate Swaps/FRAs	2,482.75	2,252.75
-	Cross Currency Swaps	1,599.24	1,584.71
v)	Fair value of the swap book (hedging & trading)		
-	Interest Rate Swaps/FRAs	77.82	66.22
-	Currency Swaps	527.68	688.56

NOTES (CONT.)

The nature and terms of the IRS as on 31 March, 2016 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	42	12,224.05	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	1,325.10	LIBOR	Floating Receivable v/s Fixed Payable
Trading	21	775.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	267	29,402.04	LIBOR	Fixed Receivable v/s Floating Payable
Trading	351	21,494.11	MIBOR	Fixed Receivable v/s Floating Payable
Trading	374	17,855.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	37	2,309.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	304	32,169.96	LIBOR	Floating Receivable v/s Fixed Payable
Trading	355	22,784.10	MIBOR	Floating Receivable v/s Fixed Payable
Trading	282	15,671.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	22	2,716.46	LIBOR	Floating Receivable v/s Floating Payable
Trading	3	84.47	LIBOR	Pay Cap
Trading	1	287.69	LIBOR	Pay Cap/Receive Floor
Trading	1	287.69	LIBOR	Pay Floor/Receive Cap
Trading	3	84.47	LIBOR	Receive Cap
	2,065	159,470.14		

The nature and terms of the IRS as on 31 March, 2015 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	60	12,906.25	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	1	625.00	LIBOR	Floating Receivable v/s Fixed Payable
Trading	1	60.00	OTHER	Fixed Payable v/s Fixed Receivable
Trading	40	1,436.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	264	22,404.97	LIBOR	Fixed Receivable v/s Floating Payable
Trading	363	22,360.53	MIBOR	Fixed Receivable v/s Floating Payable
Trading	378	17,060.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	54	3,234.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	306	23,782.43	LIBOR	Floating Receivable v/s Fixed Payable
Trading	388	22,142.36	MIBOR	Floating Receivable v/s Fixed Payable
Trading	295	15,769.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	18	1,862.50	LIBOR	Floating Receivable v/s Floating Payable
Trading	3	93.75	LIBOR	Pay Cap
Trading	1	352.80	LIBOR	Pay Cap/Receive Floor
Trading	1	352.80	LIBOR	Pay Floor/Receive Cap
Trading	3	93.75	LIBOR	Receive Cap
	2,176	144,536.14		

The nature and terms of the FRA as on 31 March, 2016 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	331.28	LIBOR	Fixed Receivable v/s Floating Payable
	2	331.28		

The nature and terms of the FRA as on 31 March, 2015 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	750.00	LIBOR	Fixed receivable v/s floating payable
	1	750.00		

The nature and terms of the CCS as on 31 March, 2016 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	331.27	LIBOR	Fixed Receivable v/s Floating Payable
Trading	88	3,854.97	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	41	3,131.42	LIBOR	Fixed Receivable v/s Floating Payable
Trading	74	5,598.59	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3	699.39	LIBOR/MIFOR	Floating Receivable v/s Floating Payable
Trading	33	2,731.40	Principal Only	Fixed Receivable
Trading	40	3,516.42	Principal Only	Fixed Payable
	280	19,863.46		

Agreements with Banks/Financial Institutions and corporates are under approved credit lines.

The nature and terms of the CCS as on 31 March, 2015 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	91.29	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Hedging	1	312.50	LIBOR	Fixed Receivable v/s Floating Payable
Trading	56	3,415.59	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	44	3,154.15	LIBOR	Fixed Receivable v/s Floating Payable
Trading	69	5,286.20	LIBOR	Floating Receivable v/s Fixed Payable
Trading	5	1,097.25	LIBOR/MIFOR	Floating Receivable v/s Floating Payable
Trading	18	1,327.53	Principal Only	Fixed Receivable
Trading	32	2,431.16	Principal Only	Fixed Payable
	226	17,115.67		

Agreements with Banks/Financial Institutions and corporates are under approved credit lines.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2016 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2016
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	759GS2026	35.04
	759GS2029	4.12
	768GS2023	4.40
	772GS2025	6,003.86
	788GS2030	3,545.24
	827GS2020	4.84
	840GS2024	14,364.10
		23,961.60
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2016	Nil
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2016 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2016 and "not highly effective"	N.A.

NOTES (CONT.)

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2015 are set out below:

		(₹ in crores)
Sr. No.	Particulars	As at 31 March, 2015
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	840GS2024	20,320.36
	883GS2023	13,211.52
		33,531.88
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2015	
	840GS2024	1,773.14
		1,773.14
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2015 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2015 and "not highly effective"	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2016 and 31 March, 2015.

2.1.27 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), and Currency Options for USD/INR pair (both OTC and exchange traded). The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Risk and Treasury Back Office to undertake derivative transactions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. The Market Risk Group within the Bank's Risk Department independently identifies measures and monitors the market risks associated with derivative transactions and appraises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade confirmation, settlement, ISDA documentation, accounting and other MIS reporting.

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has also implemented policy on customer suitability & appropriateness approved by the Board to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has also put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational risk/reputation risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are reported promptly. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal with the approval of the competent authority and appropriate accounting treatment is followed.

(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts

The Hedging Policy approved by the RMC governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

Derivative transactions comprise of swaps, FRAs, futures and options which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging and all the FRAs, futures and options are categorised as the trading book. Trading swaps/FRAs/futures/options are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. Pursuant to the RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

Quantitative disclosure on risk exposure in derivatives*:

		(₹ in crores)			
		As at 31 March, 2016			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts ^	CCS	Options	
1	Derivatives (Notional Principal Amount)				
a)	For hedging	41,179.29	331.28	-	13,880.42
b)	For trading	214,488.26	19,532.19	42,900.52	145,920.99
2	Marked to Market Positions#				
a)	Asset (+)	204.15	553.13	117.21	-
b)	Liability (-)	-	-	-	(25.51)
3	Credit Exposure@	10,513.88	3,119.51	1,196.28	3,158.66
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2016)				
a)	on hedging derivatives	1.67	4.20	-	121.55
b)	on trading derivatives	4.46	136.62	7.04	277.26

NOTES (CONT.)

(₹ in crores)

		As at 31 March, 2016			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts ^	CCS	Options	
5	Maximum and Minimum of 100*PV01 observed during the year				
a)	on hedging				
	I) Minimum	1.67	1.74	-	121.55
	II) Maximum	6.37	4.73	-	282.76
b)	on Trading				
	I) Minimum	1.00	132.99	0.27	124.15
	II) Maximum	7.35	233.48	17.16	277.26
#	Only on trading derivatives and represents net position				
@	Includes accrued interest				
^	Excluding Tom/Spot contracts				

(₹ in crores)

		As at 31 March, 2015			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts ^	CCS	Options	
1	Derivatives (Notional Principal Amount)				
a)	For hedging	30,669.21	403.79	-	14,281.25
b)	For trading	249,426.49	16,711.88	23,843.86	131,004.89
2	Marked to Market Positions[#]				
a)	Asset (+)	107.93	722.55	34.76	-
b)	Liability (-)	-	-	-	(52.62)
3	Credit Exposure[@]	10,764.04	3,001.53	543.13	2,684.50
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2015)				
a)	on hedging derivatives	122.66	4.60	-	279.25
b)	on trading derivatives	48.56	169.65	0.93	250.04
5	Maximum and Minimum of 100*PV01 observed during the year				
a)	on hedging				
	I) Minimum	21.13	4.56	-	18.11
	II) Maximum	226.22	6.74	-	279.25
b)	on Trading				
	I) Minimum	27.20	161.37	0.24	213.58
	II) Maximum	84.52	197.18	10.13	386.32
#	Only on trading derivatives and represents net position				
@	Includes accrued interest				
^	Excluding Tom/Spot contracts				

* only Over The Counter derivatives included

Pursuant to RBI guidelines, the Bank deals in Exchange Traded Currency Options. The outstanding notional principal amount of these derivatives as at 31 March, 2016 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

2.1.28 No penalty/stricture was levied by RBI during the year ended 31 March, 2016.

Details of penalty levied by RBI during the year ended 31 March, 2015 is as under:

Sr. No.	Amount (₹ in crores)	Reason for levy of penalty by RBI	Date of payment of penalty
1.	0.15	Non-compliance of RBI guidelines on lending under consortium/multiple banking arrangements. Penalty was imposed in terms of Section 47A (1) of the Banking Regulation Act, 1949	4 August, 2014
2.	-	Warning issued by RBI on 17 December, 2014 for non-adherence to certain aspects of Know Your Customer (KYC) norms and instructions on monitoring of transactions in customer accounts	-

2.1.29 Disclosure of customer complaints

(a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	119	61
b. No. of complaints received during the year	38,122	24,905
c. No. of complaints redressed during the year	38,033	24,847
d. No. of complaints pending at the end of the year	208	119

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	701	851
b. No. of complaints received during the year	59,940	56,690
c. No. of complaints redressed during the year	59,707	56,840
d. No. of complaints pending at the end of the year	934	701

(c) Disclosure of customer complaints other than ATM transaction complaints

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	8,693	6,785
b. No. of complaints received during the year	129,614	149,871
c. No. of complaints redressed during the year	129,950	147,963
d. No. of complaints pending at the end of the year	8,357	8,693

(d) Total customer complaints

	31 March, 2016	31 March, 2015
a. No. of complaints pending at the beginning of the year	9,513	7,697
b. No. of complaints received during the year	227,676	231,466
c. No. of complaints redressed during the year	227,690	229,650
d. No. of complaints pending at the end of the year	9,499	9,513

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

NOTES (CONT.)

2.1.30 Disclosure of Awards passed by the Banking Ombudsman

	31 March, 2016	31 March, 2015
a. No. of unimplemented awards at the beginning of the year	-	2
b. No. of awards passed by the Banking Ombudsman during the year	3	-
c. No. of awards implemented during the year	-	1
d. No. of unimplemented awards at the end of the year	-*	-*

*During the year, the Bank received 3 awards which got cancelled (previous year 1)

The above information is as certified by the Management and relied upon by the auditors.

2.1.31 Draw Down from Reserves

The Bank has made a draw down out of the Investment Reserve account towards depreciation in investments in AFS and HFT categories in terms of RBI guidelines. During the year ended 31 March, 2015, the Bank has not undertaken any drawdown from reserves.

2.1.32 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries during the current and previous year.

2.1.33 Disclosure on Remuneration

Qualitative disclosures

a) Information relating to the bodies that oversee remuneration:

❖ Name, composition and mandate of the main body overseeing remuneration:

The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

As at 31 March, 2016, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Shri Prasad R. Menon - Chairman
2. Shri V. R. Kaundinya
3. Prof. Samir K. Barua
4. Shri Rohit Bhagat

In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives:

- a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.
- b. Review and recommend to the Board for approval, the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

- c. Recommend to the Board the compensation payable to the Chairman of the Bank.
- d. Review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.
- e. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers one level below the Board and other key roles and their progression to the Board.
- f. Review and recommend to the Board for approval:
 - the creation of new positions one level below MD & CEO
 - appointments, promotions and exits of senior managers one level below the MD & CEO
- g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other WTDs for the financial year and over the medium to long term.
- h. Review the performance of the MD & CEO and other WTDs at the end of each year.
- i. Review organisation health through feedback from employee surveys conducted on a regular basis.
- j. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

❖ **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:**

The Nomination and Remuneration Committee has commissioned McLagan Aon Hewitt, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon Hewitt every year. Aon Hewitt collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

❖ **A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches:**

The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

❖ **A description of the type of employees covered and number of such employees:**

Employees are categorised into following three categories from remuneration structure and administration standpoint:

Category 1

MD & CEO and WTDs. This category includes 3 employees.

Category 2

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 24 employees.

Category 3: Other Staff

'Other Staff' has been defined as a "group of employees who pose a material risk". This category includes all the employees of the Bank in the grade of Executive Vice President (EVP) and above and also few other key business roles in case they are below the grade of Executive Vice President. This category includes 39 employees.

NOTES (CONT.)

b) Information relating to the design and structure of remuneration processes:

❖ An overview of the key features and objectives of remuneration policy:

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:

- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness
- Maintain competitiveness on fixed pay in talent market
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites to remain aligned with market practices and provide flexibility

Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices (effective FY 2012-13) and addresses the general principles of:

- Effective and independent governance and monitoring of compensation
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

- a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks
- b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank
- c) Include a significant variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking
- d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with the last two being highly contingent on employee performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

❖ Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The Nomination and Remuneration committee reviews the Bank's remuneration policy every year. There were no major changes made in the remuneration policy during the year.

❖ A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:

The Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

❖ **An overview of the key risks that the Bank takes into account when implementing remuneration measures:**

The business activity of the Bank is undertaken within the limits of the following risk measures to achieve the financial plan:

- NPA - net slippages
- Ratio of Risk Weighted Assets to Total Assets
- Liquidity Coverage Ratio

❖ **An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:**

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.

❖ **A discussion of the ways in which these measures affect remuneration:**

The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

❖ **A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:**

During FY 2015-16, the risk measures were reviewed and no major changes were made to the performance parameters in the Balanced Scorecards.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the Balanced Scorecard approach in designing its performance management system. Adequate attention is given to the robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organisation. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, self-capability development and behaviours such as integrity and team management.

❖ **An overview of main performance metrics for Bank, top level business lines and individuals:**

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

NOTES (CONT.)

- ❖ **A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:**

Performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings. In addition, the fixed pay increase is also influenced by an employee's position in the salary range.

- ❖ **A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:**

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the performance of previous years and supervisor reviews.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. Identified risk parameters that are taken into account are as under:

- NPA – net slippages
- Ratio of Risk Weighted Assets to Total Assets
- Liquidity Coverage Ratio

As a prudent measure, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

- e) **Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:**

- ❖ **A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:**

The deferral of the Variable Pay for the three categories of employees as stated earlier is given below:

Category 1: MD & CEO and WTDs

Variable Pay will not exceed 70% of the Fixed Pay

To ensure that risk measures do not focus only on achieving short term goals, variable payout is deferred. If the variable pay exceeds 40% of fixed pay, 45% of the variable pay to be deferred proportionately over a period of three years.

Category 2: All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance

- Variable Pay will be paid on the basis of laid down risk control, compliance and process improvement parameters in the balanced scorecard / key deliverables of staff in this function
- The parameters will be independent of performance of the business area they oversee and will commensurate with their key role in the Bank
- The ratio of fixed and variable compensation will be weighed towards fixed compensation
- Percentage of variable pay to be capped at 70% of fixed pay
- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

Category 3: Other Staff

- Variable Pay will be paid on the basis of performance against key deliverables and overall business performance for the financial year
- Percentage of variable pay to be capped at 70% of fixed pay
- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

❖ **A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:**

The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

f) **Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:**

❖ **An overview of the forms of variable remuneration offered:**

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees
- Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees

❖ **A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:**

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

NOTES (CONT.)

Quantitative disclosures

- a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2016 and 31 March, 2015 are given below. Other risk takers include all employees in the grade of Executive Vice President (EVP) and above and also cover certain select roles in case they are below the grade of EVP.

	31 March, 2016	31 March, 2015
a. i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	7	8
ii) Remuneration paid to its members (sitting fees)	₹15,00,000	₹11,00,000
b. Number of employees having received a variable remuneration award during the financial year	31*	36
c. Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d. Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.	N.A.
e. Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	₹1.64 crores (cash bonus)	₹0.90 crores (cash bonus)
g. Total amount of deferred remuneration paid out in the financial year	₹0.30 crores	N.A.
h. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹36.93 crores# Variable - ₹11.79 crores* Deferred - ₹1.04 crores Non-deferred - ₹10.75 crores*	Fixed - ₹32.72 crores Variable - ₹12.01 crores Deferred - ₹0.90 crores Non-deferred - ₹11.11 crores
i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	N.A.	N.A.
j. Total amount of reductions during the financial year due to ex-post explicit adjustments	N.A.	N.A.
k. Total amount of reductions during the financial year due to ex-post implicit adjustments	N.A.	N.A.

* pertains to FY 2014-15 paid to MD & CEO, WTDs and other risk takers (previous year pertains to FY 2013-14)

Fixed Remuneration includes basic salary, fixed allowance, leave fare concession, house rent allowance, super annuation allowance, certain other allowances and contribution towards provident fund.

- b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

(₹ in crores)

	31 March, 2016	31 March, 2015
a. Amount of remuneration paid during the year	0.90	-

- 2.1.34 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

(₹ in crores)

Sr. No.	Nature of Income*	31 March, 2016	31 March, 2015
1.	For selling life insurance policies	498.17	491.30
2.	For selling non-life insurance policies	23.35	22.40
3.	For selling mutual fund products	311.44	314.44
4.	Others (selling of gold coins, wealth advisory, RBI and other bonds etc.)	57.09	34.18
	Total	890.05	862.32

*includes receipts on account of marketing activities undertaken on behalf of bancassurance partners

- 2.1.35 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

- 2.1.36 Amount of total assets, non-performing assets and revenue of overseas branches is given below:

(₹ in crores)

Particulars	31 March, 2016	31 March, 2015
Total assets	53,434.37	49,111.72
Total NPAs	903.35	265.24
Total revenue	2,777.71	2,608.85

- 2.1.37 During the year ended 31 March, 2016 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities, sales to RBI under OMO auctions, repurchase of government securities by Government of India and sale/transfer of securities consequent to reduction of ceiling on SLR securities under HTM) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

During the year ended 31 March, 2015 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) exceeded 5% of the book value of investments held in HTM category at the beginning of the year by ₹2.57 crores.

Market value of investments held in HTM category	Excess of book value over market value for which provision is not made
₹81,266.08 crores	Nil

- 2.1.38 Disclosure on transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars	31 March, 2016	31 March, 2015
Opening balance of amounts transferred to DEAF	26.67	-
Add : Amounts transferred to DEAF during the year	15.40	26.94
Less : Amounts reimbursed by DEAF towards claims	(0.50)*	(0.27)*
Closing balance of amounts transferred to DEAF	41.57	26.67

* includes ₹0.44 crores (previous year ₹0.08 crores) of claim raised and pending settlement with RBI

NOTES (CONT.)

2.1.39 Disclosure on Intra-Group Exposures

(₹ in crores)

Particulars	31 March, 2016	31 March, 2015
Total amount of intra-group exposures	3,418.77	4,252.01
Total amount of top-20 intra-group exposures	3,418.77	4,252.01
Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	0.59	0.82

During the year ended 31 March, 2016 and 31 March, 2015, the intra-group exposures were within the limits specified by RBI.

2.1.40 Unhedged Foreign Currency Exposure

The Bank's Corporate Credit Policy lays down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews/renewals, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of un-hedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended 31 March, 2016, the Bank has made incremental provision of ₹1.62 crores (previous year ₹133.66 crores) and held incremental capital of ₹249.19 crores (previous year ₹326.25 crores) towards borrowers having un-hedged foreign currency exposures.

2.1.41 Disclosure on provisioning pertaining to fraud accounts

(₹ in crores)

	31 March, 2016
Number of frauds reported*	135
Amounts involved	250.28
Provisions held at the beginning of the year	35.69
Provisions made during the year	214.59
Provisions held at the end of the year	250.28
Unamortised provision debited from 'other reserves' as at the end of the year	-

* Excluding one case amounting to ₹11.78 crores reported as fraud during the year (provision amount of ₹11.78 crores) and subsequently prudentially written off

2.1.42 Disclosure on Liquidity Coverage Ratio

Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold as per the transition plan is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board. The Bank has been submitting LCR reports to RBI commencing from January 2015.

The Bank follows the criteria laid down by RBI for month-end calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds rated AA- and above with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

The Bank monitors the LCR in US Dollar currency which qualifies as a significant currency for monitoring LCR as per RBI guidelines.

The liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, for both domestic as well as overseas operations, on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

Quantitative disclosure

(₹ in crores)

	Quarter ended 31 March, 2016		Quarter ended 31 December, 2016		Quarter ended 30 September, 2016		Quarter ended 30 June, 2016		Quarter ended 31 March, 2015	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets										
1 Total High Quality Liquid Assets (HQLAs)		56,803.00		46,563.12		47,627.42		44,570.50		55,211.76
Cash Outflows										
2 Retail Deposits and deposits from small business customers, of which:	196,006.46	17,684.87	178,087.15	15,930.27	173,627.67	15,530.07	170,249.41	15,223.40	133,461.49	11,756.57
(i) Stable Deposits	38,315.64	1,915.79	37,568.97	1,878.45	36,661.71	1,833.47	36,031.01	1,801.56	31,791.67	1,589.59
(ii) Less Stable Deposits	157,690.82	15,769.08	140,518.18	14,051.82	136,965.96	13,696.60	134,218.40	13,421.84	101,669.82	10,166.98
3 Unsecured wholesale funding, of which :	106,696.03	50,177.86	99,688.42	45,309.58	95,590.76	41,013.16	89,298.62	39,009.13	133,049.25	49,462.48
(i) Operational deposits (all counterparties)	36,597.91	9,143.53	30,895.00	7,716.81	31,017.95	7,747.27	27,753.22	6,931.43	21,024.50	5,250.14
(ii) Non-operational deposits (all counterparties)	70,098.12	41,034.33	68,793.42	37,592.77	64,572.81	33,265.89	61,545.40	32,077.70	112,024.75	44,212.34
(iii) Unsecured debt	-	-	-	-	-	-	-	-	-	-
4 Secured wholesale funding		2,092.31		2,845.78		2,112.83		3,580.11		1,902.52
5 Additional requirements, of which	22,254.33	13,471.24	19,173.28	11,361.57	19,878.86	11,441.47	19,323.58	9,583.26	17,357.11	9,273.62
(i) Outflows related to derivative exposures and other collateral requirements	12,551.90	12,551.90	10,565.75	10,565.75	10,577.10	10,577.10	8,570.58	8,570.58	8,442.79	8,442.79
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	2,831.70	266.64
(iii) Credit and liquidity facilities	9,702.43	919.34	8,607.53	795.82	9,301.76	864.37	10,753.00	1,012.68	6,082.62	564.19
6 Other contractual funding obligations	2,345.44	2,255.44	2,298.80	2,298.80	2,460.54	2,460.54	2,386.46	2,386.46	1,846.78	1,846.78
7 Other contingent funding obligations	173,856.05	7,370.36	174,861.74	8,743.09	172,412.38	8,620.68	165,931.33	8,296.56	1,71,438.09	8,571.90
8 Total Cash Outflows		93,052.08		86,489.09		81,178.75		78,078.92		82,813.87
Cash Inflows										

NOTES (CONT.)

(₹ in crores)

	Quarter ended 31 March, 2016		Quarter ended 31 December, 2016		Quarter ended 30 September, 2016		Quarter ended 30 June, 2016		Quarter ended 31 March, 2015	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
9 Secured lending (eg. reverse repo)	-	-	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	21,847.41	14,243.44	17,387.74	12,253.81	15,865.10	11,087.30	15,238.38	10,099.06	16,209.48	11,673.13
11 Other cash inflows	12,564.22	12,564.22	10,580.85	10,580.85	10,753.91	10,643.10	8,541.66	8,541.66	8,438.68	8,438.68
12 Total Cash Inflows	34,411.63	26,807.66	27,968.59	22,834.66	26,619.01	21,730.40	23,780.04	18,640.72	24,648.16	20,111.81
	Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21 Total HQLA	56,803.00		46,563.12		47,627.42		44,570.50		55,211.76	
22 Total Net Cash Outflows	66,244.42		63,654.43		59,448.35		59,438.20		62,702.06	
23 Liquidity Coverage Ratio %	85.75%		73.15%		80.12%		74.99%		88.05%	

Notes:1) The above data represents simple average of monthly observations for the respective quarters.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated ₹55.84 crores (previous year ₹63.14 crores) to the Capital Reserve, net of taxes and transfer to statutory reserve, being the gain on sale of HTM investments in accordance with RBI guidelines. As advised by RBI, the Bank has also appropriated ₹6.20 crores (previous year Nil) to the Capital Reserve, net of taxes and transfer to statutory reserve, being the profit earned on sale of premises.

2.2.2 During the year, the Bank has appropriated an amount of ₹1.74 crores (previous year ₹0.96 crores) to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations. Further during the previous year ended 31 March, 2015, an amount of ₹2.22 crores held in the Reserve Fund towards investment reserve was transferred to the profit and loss account in accordance with guidelines issued by Central Bank of Sri Lanka.

2.2.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2016	31 March, 2015
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	8,223.66	7,357.82
Basic weighted average no. of shares (in crores)	237.73	235.98
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.30	2.53
Diluted weighted average no. of shares (in crores)	239.03	238.51
Basic EPS (₹)	34.59	31.18
Diluted EPS (₹)	34.40	30.85
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 13,010,331 (previous year 25,286,978) stock options.

2.2.4 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

231,975,450 options have been granted under the Scheme till the previous year ended 31 March, 2015.

On 29 April, 2015, the Bank granted 6,844,500 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/ subsidiary companies at a price of ₹535.00 per option.

On 10 September, 2015, the Bank granted 300,000 stock options (each option representing entitlement to one equity share of the Bank) to one of its Whole Time Directors at a price of ₹486.25 per option.

Stock option activity under the Scheme for the year ended 31 March, 2016 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	41,829,791	100.65 to 306.54	269.17	3.13
Granted during the year	7,144,500	486.25 to 535.00	532.95	-
Forfeited during the year	(970,750)	100.65 to 535.00	350.00	-
Expired during the year	(166,604)	100.65 to 289.51	218.92	-
Exercised during the year	(12,309,627)	100.65 to 306.54	248.05	-
Outstanding at the end of the year	35,527,310	217.33 to 535.00	327.56	3.33
Exercisable at the end of the year	19,856,810	217.33 to 306.54	268.07	1.74

The weighted average share price in respect of options exercised during the year was ₹495.51.

Stock option activity under the Scheme for the year ended 31 March, 2015 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	54,227,780	100.65 to 289.51	244.45	2.44
Granted during the year	9,922,500	306.54	306.54	-
Forfeited during the year	(293,290)	100.65 to 306.54	253.57	-
Expired during the year	(727,765)	100.65 to 242.96	209.14	-
Exercised during the year	(21,299,434)	100.65 to 289.51	225.90	-
Outstanding at the end of the year	41,829,791	100.65 to 306.54	269.17	3.13
Exercisable at the end of the year	21,204,291	100.65 to 289.51	256.34	1.57

The weighted average share price in respect of options exercised during the year was ₹444.13.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

NOTES (CONT.)

	31 March, 2016	31 March, 2015
Net Profit (as reported) (₹ in crores)	8,223.66	7,357.82
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(103.06)	(90.26)
Net Profit (Proforma) (₹ in crores)	8,120.60	7,267.56
Earnings per share: Basic (in ₹)		
As reported	34.59	31.18
Proforma	34.16	30.80
Earnings per share: Diluted (in ₹)		
As reported	34.40	30.85
Proforma	33.98	30.49

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2016	31 March, 2015
Dividend yield	1.40%	1.32%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.61% to 7.78%	8.62% to 8.78%
Volatility	34.85% to 36.51%	35.77% to 38.01%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2016 is ₹178.22 (previous year ₹109.72).

2.2.5 Proposed Dividend

The Board of Directors, in their meeting held on 26 April, 2016 have proposed a final dividend of ₹5.00 per equity share amounting to ₹1,404.61 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, proposed dividend is not recognised as a liability as on 31 March, 2016. Accordingly, the balance of Reserves and Surplus is higher by ₹1,404.61 crores (including corporate dividend tax) and the balance of Other Liabilities is lower by an equivalent amount as on 31 March, 2016.

Appropriation to proposed dividend during the year ended 31 March, 2016 represents dividend of ₹2.81 crores (previous year ₹3.41 crores) paid pursuant to exercise of employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2015.

2.2.6 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BPBC.81/21.04.018/2006-07. The principal activities of these segments are as under:

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking and advisory services, ATM interchange fees and card products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

(₹ in crores)

	31 March, 2016				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,191.40	15,276.51	14,520.13	-	40,988.04
Other income	2,523.77	3,255.10	2,697.86	894.73	9,371.46
Total income as per Profit and Loss Account	13,715.17	18,531.61	17,217.99	894.73	50,359.50
Add/(less) inter segment interest income	46,475.49	4,816.81	16,769.97	-	68,062.27
Total segment revenue	60,190.66	23,348.42	33,987.96	894.73	118,421.77
Less: Interest expense (external customers)	11,569.88	510.83	12,074.36	-	24,155.07
Less: Inter segment interest expense	44,734.13	11,743.24	11,584.76	0.14	68,062.27
Less: Operating expenses	391.24	2,528.99	7,071.99	108.60	10,100.82
Operating profit	3,495.41	8,565.36	3,256.85	785.99	16,103.61
Less: Provision for non-performing assets/others*	189.87	3,005.70	514.29	-	3,709.86

NOTES (CONT.)

(₹ in crores)

	31 March, 2016				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment result	3,305.54	5,559.66	2,742.56	785.99	12,393.75
Less: Provision for tax					4,170.09
Extraordinary profit/loss					-
Net Profit					8,223.66
Segment assets	174,902.85	190,831.82	156,657.98	731.53	523,124.18
Unallocated assets					2,343.44
Total assets					525,467.62
Segment liabilities	169,302.11	90,433.40	212,526.77	22.69	472,284.97
Unallocated liabilities					17.74
Total liabilities					472,302.71
Net assets	5,600.74	100,398.42	(55,868.79)	708.84	53,164.91
Capital expenditure for the year	60.03	415.07	857.27	25.63	1,358.00
Depreciation on fixed assets for the year	19.62	135.68	280.23	8.38	443.91

(₹ in crores)

	31 March, 2015				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	9,610.70	13,793.09	12,074.81	-	35,478.60
Other income	2,234.30	3,103.08	2,152.13	875.53	8,365.04
Total income as per Profit and Loss Account	11,845.00	16,896.17	14,226.94	875.53	43,843.64
Add/(less) inter segment interest income	39,936.35	4,209.43	14,070.80	-	58,216.58
Total segment revenue	51,781.35	21,105.60	28,297.74	875.53	102,060.22
Less: Interest expense (external customers)	10,298.20	455.24	10,501.02	-	21,254.46
Less: Inter segment interest expense	38,016.17	10,505.60	9,694.81	-	58,216.58
Less: Operating expenses	385.83	2,263.01	6,469.14	85.76	9,203.74
Operating profit	3,081.15	7,881.75	1,632.77	789.77	13,385.44
Less: Provision for non-performing assets/others*	13.36	1,859.07	455.25	0.93	2,328.61
Segment result	3,067.79	6,022.68	1,177.52	788.84	11,056.83
Less: Provision for tax					3,699.01
Extraordinary profit/loss					-
Net Profit					7,357.82
Segment assets	170,598.44	160,628.30	127,917.60	618.56	459,762.90
Unallocated assets					2,169.49
Total assets					461,932.39
Segment liabilities	154,185.37	77,741.83	183,949.89	41.96	415,919.05
Unallocated liabilities					1,336.83
Total liabilities					417,255.88

(₹ in crores)

	31 March, 2015				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Net assets	16,413.07	82,886.47	(56,032.29)	576.60	44,676.51
Capital expenditure for the year	12.97	158.81	343.72	6.85	522.35
Depreciation on fixed assets for the year	10.07	123.33	266.94	5.33	405.67

* represents material non-cash items other than depreciation

Geographic Segment

(₹ in crores)

	Domestic		International		Total	
	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
Revenue	47,581.79	41,234.79	2,777.71	2,608.85	50,359.50	43,843.64
Assets	472,033.25	412,820.67	53,434.37	49,111.72	525,467.62	461,932.39
Capital Expenditure incurred	1,353.98	521.44	4.02	0.91	1,358.00	522.35
Depreciation provided	441.00	402.80	2.91	2.87	443.91	405.67

2.2.7 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies - New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited

b) Key Management Personnel

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre)] upto 18 March, 2016

c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Mr. S. Narayanan, Mrs. Poonam Gupta, Mr. Somya Gupta, Mr. Shubham Gupta, Mr. Rajeev Agarwal and Mr. Deepak Kumar Gupta.

NOTES (CONT.)

d) Subsidiary Companies

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- Axis Securities Europe Limited

The significant transactions between the Bank and related parties during the year ended 31 March, 2016 and 31 March 2015 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

- Dividend paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹126.43 crores (previous year ₹109.94 crores), Life Insurance Corporation of India ₹130.91 crores (previous year ₹127.35 crores)
- Dividend received: Axis Securities Ltd. ₹14.45 crores (previous year ₹18.06 crores), Axis Trustee Services Ltd. ₹11.25 crores (previous year ₹10.50 crores), Axis Capital Ltd. ₹51.45 crores (previous year Nil), Axis Finance Ltd. ₹62.60 crores (previous year Nil) and Axis Private Equity Ltd. Nil (previous year ₹5.25 crores)
- Interest paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹70.97 crores (previous year ₹41.75 crores) and Life Insurance Corporation of India ₹530.85 crores (previous year ₹744.04 crores)
- Interest received: Life Insurance Corporation of India ₹0.37 crores (previous year ₹0.04 crores), Axis Asset Management Company Ltd. ₹2.29 crores (previous year ₹0.04 crores), Axis Bank UK Ltd. ₹7.94 crores (previous year ₹6.85 crores) and Axis Finance Ltd. ₹1.81 crores (previous year ₹1.59 crores)
- Investment of the Bank: Axis Finance Ltd. ₹100.00 crores (previous year ₹100.00 crores) and Axis Asset Management Company Ltd. Nil (previous year ₹48.75 crores)
- Investment of related party in bonds of the Bank: Life Insurance Corporation of India Nil (previous year ₹500.00 crores)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹16.08 crores (previous year ₹22.65 crores), Mr. V. Srinivasan ₹11.52 crores (previous year ₹6.81 crores) and Mr. Sanjeev K. Gupta ₹11.43 crores (previous year ₹3.25 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India ₹50.00 crores (previous year Nil)
- Sale of Investments: General Insurance Corporation of India ₹195.00 crores (previous year ₹211.06 crores), New India Assurance Company Ltd. Nil (previous year ₹50.00 crores), National Insurance Company Ltd. ₹80.12 crores (previous year ₹222.34 crores), United India Insurance Company Ltd. ₹50.00 crores (previous year ₹120.02 crores)
- Management Contracts: Axis Securities Ltd. ₹5.02 crores (previous year ₹4.41 crores), Axis Trustee Services Ltd. ₹3.21 crores (previous year ₹2.62 crores), Axis Finance Ltd. ₹2.91 crores (previous year ₹2.70 crores), Mrs. Shikha Sharma ₹5.37 crores (previous year ₹4.18 crores), Mr. V. Srinivasan ₹3.39 crores (previous year ₹2.46 crores) and Mr. Sanjeev K. Gupta ₹4.41 crores (previous year ₹0.84 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.67 crores (previous year ₹16.04 crores)
- Placement of Deposit by the Bank (net): Life Insurance Corporation of India ₹0.08 crores (previous year ₹0.14 crores)
- Non-funded commitments (net): Life Insurance Corporation of India Nil (previous year ₹0.01 crores)
- Call/Term lending to related party: Axis Bank UK Ltd. ₹66.00 crores (previous year Nil)

- Swap/forward contracts: Axis Bank UK Ltd. ₹48.19 crores (previous year ₹158.85 crores)
- Advance granted (net): Axis Asset Management Company Ltd. Nil (previous year ₹44.69 crores) and Axis Finance Ltd. ₹65.11 crores (previous year Nil)
- Advance repaid: Axis Asset Management Company Ltd. ₹44.69 crores (previous year Nil) and Axis Finance Ltd. Nil (previous year ₹30.05 crores)
- Purchase of loans: Axis Bank UK Ltd. Nil (previous year ₹8.92 crores)
- Sell down of loans (including undisbursed loan commitments): Axis Bank UK Ltd. Nil (previous year ₹321.44 crores)
- Advance to related party against rendering of services: Axis Securities Ltd. ₹24.00 crores (previous year ₹21.00 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹57.88 crores (previous year ₹61.47 crores) and Axis Securities Ltd. ₹418.56 crores (previous year ₹318.10 crores)
- Rendering of services: Axis Asset Management Company Ltd. ₹63.59 crores (previous year ₹194.15 crores), Axis Bank UK Ltd. ₹0.84 crores (previous year ₹0.94 crores) and Axis Capital Ltd. ₹4.55 crores (previous year ₹5.90 crores)
- Purchase of equity shares from related party: Axis Capital Ltd. ₹19.02 crores (previous year Nil)
- Refund of share capital from related party: Axis Private Equity Ltd. ₹13.50 crores (previous year Nil)
- Other reimbursement from related party: Axis Securities Ltd. ₹0.66 crores (previous year ₹0.93 crores), Axis Asset Management Company Ltd. ₹1.94 crores (previous year ₹1.70 crores), Axis Bank UK Ltd. ₹0.67 crores (previous year ₹0.16 crores) and Axis Capital Ltd. ₹4.20 crores (previous year ₹4.67 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.40 crores (previous year ₹0.37 crores) and Axis Capital Ltd. Nil (previous year ₹0.50 crores).

The details of transactions of the Bank with its related parties during the year ended 31 March, 2016 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	299.18	0.40	-	-	299.58
Dividend received	-	-	-	139.75	139.75
Interest paid	644.89	0.07	0.32	28.90	674.18
Interest received	0.38	0.03	-	12.10	12.51
Investment of the Bank	-	-	-	100.00	100.00
Investment of related party in the Bank	-	39.03	-	-	39.03
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	-	-	-	-	-
Redemption of subordinated debt	50.00	-	-	-	50.00
Purchase of investments	-	-	-	-	-
Sale of investments	325.12	-	-	-	325.12
Management contracts	-	13.18	-	13.13	26.31
Contribution to employee benefit fund	15.67	-	-	-	15.67
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Placement of deposits	0.08	-	-	-	0.08
Non-funded commitments (net)	0.04	-	-	(54.35)	(54.31)
Call/Term borrowing	-	-	-	-	-
Call/Term lending	-	-	-	66.00	66.00

NOTES (CONT.)

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Swaps/Forward contracts	-	-	-	48.19	48.19
Advance granted (net)	1.05	-	-	65.11	66.16
Advance repaid	-	0.66	-	44.70	45.36
Purchase of loans	-	-	-	-	-
Sell down of loans (including undisbursed loan commitments)	-	-	-	-	-
Advance to related party against rendering of services	-	-	-	24.00	24.00
Receiving of services	79.24	-	-	433.70	512.94
Rendering of services	2.76	0.03	-	72.58	75.37
Purchase of equity shares from related party	-	-	-	19.02	19.02
Refund of Share Capital from related party	-	-	-	13.50	13.50
Other reimbursements from related party	-	-	-	8.48	8.48
Other reimbursements to related party	0.40	-	-	-	0.40

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2016 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-
Call/Term lending to related party	-	-	-	66.26	66.26
Deposits with the Bank	7,839.14	1.03	1.97	570.57	8,412.71
Placement of deposits	0.38	-	-	-	0.38
Advances	12.89	0.37	0.03	263.11	276.40
Investment of the Bank	-	-	-	1,274.53	1,274.53
Investment of related party in the Bank	141.68	0.28	-	-	141.96
Non-funded commitments	3.17	-	-	19.00	22.17
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,320.00	-	-	-	3,320.00
Payable under management contracts	-	1.37	-	-	1.37
Other receivables (net)	-	-	-	71.04*	71.04
Other payables (net)	-	-	-	17.20	17.20
Swap/Forward contracts	-	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2016 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	12,103.47	9.76	10.21	731.86	12,855.30
Placement of deposits	0.41	-	-	-	0.41
Advances	19.91	0.99	0.09	416.28	437.27
Investment of the Bank	-	-	-	1,288.03	1,288.03
Investment of related party in the Bank	143.43	0.28	-	-	143.71
Non-funded commitments	3.19	-	-	73.35	76.54
Call borrowing	-	-	-	-	-
Call lending	-	-	-	68.72	68.72
Swaps/Forward contracts	-	-	-	20.88	20.88
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	-	3,370.00
Payable under management contracts	-	1.64	-	-	1.64
Other receivables (net)	-	-	-	90.85	90.85
Other payables (net)	-	-	-	29.40	29.40

The details of transactions of the Bank with its related parties during the year ended 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	275.28	0.28	-	-	275.56
Dividend received	-	-	-	33.81	33.81
Interest paid	810.09	0.30	0.28	32.39	843.06
Interest received	0.05	0.12	-	8.75	8.92
Investment of the Bank	-	-	-	148.75	148.75
Investment of related party in the Bank	-	39.74	-	-	39.74
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	550.00	-	-	-	550.00
Redemption of subordinated debt	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Sale of investments	658.93	-	-	-	658.93
Management contracts	-	11.99	-	9.90	21.89
Contribution to employee benefit fund	16.04	-	-	-	16.04
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	0.03	0.03
Placement of deposits	0.14	-	-	-	0.14
Non-funded commitments (net)	0.08	-	-	69.00	69.08
Call/Term borrowing	-	-	-	-	-
Call/Term lending	-	-	-	-	-
Swaps/Forward contracts	-	-	-	158.85	158.85

NOTES (CONT.)

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Advance granted (net)	0.04	-	-	44.70	44.74
Advance repaid	-	0.23	-	30.05	30.28
Purchase of loans	-	-	-	8.92	8.92
Sell down of loans (including undisbursed loan commitments)	-	-	-	321.44	321.44
Advance to related party against rendering of services	-	-	-	21.00	21.00
Receiving of services	78.43	-	-	324.08	402.51
Rendering of services	2.18	-	-	205.51	207.69
Purchase of equity shares from related party	-	-	-	-	-
Other reimbursements from related party	-	-	-	8.46	8.46
Other reimbursements to related party	0.37	-	-	0.50	0.87

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-
Deposits with the Bank	8,347.06	1.78	4.52	539.69	8,893.05
Placement of deposits	0.30	-	-	-	0.30
Advances	1.02	0.77	0.02	233.28	235.09
Investment of the Bank	-	-	-	1,169.01	1,169.01
Investment of related party in the Bank	132.42	0.17	-	-	132.59
Non-funded commitments	3.12	-	-	73.35	76.47
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	-	3,370.00
Payable under management contracts	-	0.90	-	-	0.90
Other receivables (net)	-	-	-	88.33*	88.33
Other payables (net)	-	-	-	15.14	15.14
Swap/Forward contracts	-	-	-	20.34	20.34

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-
Deposits with the Bank	13,937.88	15.50	6.61	811.58	14,771.57
Placement of deposits	0.30	-	-	-	0.30
Advances	50.43	1.61	-	350.09	402.13
Investment of the Bank	-	-	-	1,169.01	1,169.01
Investment of related party in the Bank	138.78	0.17	-	-	138.95
Non-funded commitments	3.13	-	-	73.35	76.48

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Call borrowing	-	-	-	-	-
Call lending	-	-	-	-	-
Swaps/Forward contracts	-	-	-	83.09	83.09
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	-	3,370.00
Payable under management contracts	-	0.90	-	-	0.90
Other receivables (net)	-	-	-	160.41	160.41
Other payables (net)	-	-	-	20.70	20.70

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund and Axis Infrastructure Fund-I, the funds floated by Axis Asset Management Company Ltd. and Axis Private Equity Ltd., the Bank's subsidiaries have not been disclosed since these entities do not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

* Upto 31 December, 2014, the Bank had entered into an arrangement with Axis Asset Management Company Ltd. (Axis AMC), the Bank's subsidiary, in terms of which payment of brokerage in respect of distribution of certain schemes is scheduled over the period of the schemes. This arrangement, however, has no effect on the accounting policy of the Bank, as such brokerage income is recognised by the Bank as and when the same is due. Other receivables include such brokerage recoverable from Axis AMC as on the reporting date.

2.2.8 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2016	31 March, 2015
Future lease rentals payable as at the end of the year:		
- Not later than one year	656.03	617.96
- Later than one year and not later than five years	2,080.29	1,967.27
- Later than five years	1,261.53	982.37
Total of minimum lease payments recognised in the Profit and Loss Account for the year	494.45	653.63
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	-	0.11
Sub-lease payments recognised in the Profit and Loss Account for the year	0.03	0.03

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

NOTES (CONT.)

2.2.9 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

(₹ in crores)		
Particulars	31 March, 2016	31 March, 2015
At cost at the beginning of the year	713.77	586.02
Additions during the year	141.87	127.84
Deductions during the year	(2.79)	(0.09)
Accumulated depreciation as at 31 March	(560.81)	(461.73)
Closing balance as at 31 March	292.04	252.04
Depreciation charge for the year	101.80	81.40

2.2.10 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)		
As at	31 March, 2016	31 March, 2015
Deferred tax assets on account of provisions for loan losses	1,709.70	1,382.83
Deferred tax assets on account of amortisation of HTM investments	26.33	37.70
Deferred tax assets on account of provision for employee benefits	73.62	75.51
Deferred tax assets on account of other items	324.04	436.27
Deferred tax assets	2,133.69	1,932.31
Deferred tax liabilities on account of depreciation on fixed assets	48.21	45.40
Deferred tax liabilities on account of other items	126.69	-
Deferred tax liabilities	174.90	45.40
Net Deferred tax assets	1,958.79	1,886.91

2.2.11 Employee Benefits

Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)		
	31 March, 2016	31 March, 2015
Current Service Cost	65.55	67.98
Interest on Defined Benefit Obligation	99.45	95.04
Expected Return on Plan Assets	(117.69)	(97.25)
Net Actuarial Losses/(Gains) recognised in the year	18.25	2.21
Total included in "Employee Benefit Expense" [Schedule 16(I)]	65.56	67.98
Actual Return on Plan Assets	99.04	93.26

Balance Sheet

Details of provision for provident fund

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Fair Value of Plan Assets	1,437.90	1,240.83
Present Value of Funded Obligations	(1,437.90)	(1,240.83)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	-	-

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,240.83	1,013.25
Current Service Cost	65.55	67.98
Interest Cost	99.45	95.04
Actuarial Losses/(Gains)	12.08	(1.78)
Employees Contribution	160.81	152.02
Liability transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
Closing Defined Benefit Obligation	1,437.90	1,240.83

Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	1,240.83	1,013.25
Expected Return on Plan Assets	117.69	97.25
Actuarial Gains/(Losses)	(6.16)	(3.99)
Employer contribution during the period	65.55	67.98
Employee contribution during the period	160.81	152.02
Assets transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
Closing Fair Value of Plan Assets	1,437.90	1,240.83

Experience adjustments*

	(₹ in crores)		
	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	1,437.90	1,240.83	1,013.25
Plan Assets	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-
Experience Adjustments on Plan Liabilities	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(6.16)	(3.99)	41.42

* information provided to the extent available with the Bank

NOTES (CONT.)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2016 %	31 March, 2015 %
Government securities	53.04	52.84
Bonds, debentures and other fixed income instruments	30.74	30.13
Equity shares	-	12.15
Others	16.22	4.88

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2016	31 March, 2015
Discount rate for the term of the obligation	7.95%	8.00%
Average historic yield on the investment portfolio	9.01%	9.01%
Discount rate for the remaining term to maturity of the investment portfolio	7.94%	7.89%
Expected investment return	9.02%	9.12%
Guaranteed rate of return	8.75%	8.75%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹115.39 crores (previous year ₹107.29 crores) for the year.

Superannuation

The Bank contributed ₹15.27 crores (previous year ₹15.72 crores) to the employees' superannuation plan for the year.

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Bank is given below:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Actuarial Liability – Privilege Leave	209.10	210.76
Total Expense included in Schedule 16 (I)	16.71	66.35
Assumptions		
Discount rate	7.95% p.a.	8.00% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.

Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Current Service Cost	30.08	24.75
Interest on Defined Benefit Obligation	17.94	15.71
Expected Return on Plan Assets	(15.70)	(11.82)
Net Actuarial Losses/(Gains) recognised in the year	9.20	19.45
Past Service Cost	-	-
Total included in "Employee Benefit Expense" [Schedule 16(I)]	41.52	48.09
Actual Return on Plan Assets	10.34	13.09

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2016	31 March, 2015
Fair Value of Plan Assets	232.56	209.49
Present Value of Funded Obligations	(232.55)	(206.96)
Net Asset	0.01	2.53
Amounts in Balance Sheet		
Liabilities	-	-
Assets	0.01	2.53
Net Asset (included under Schedule 11 – Other Assets)	0.01	2.53

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

(₹ in crores)

	31 March, 2016	31 March, 2015
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	206.96	157.72
Current Service Cost	30.08	24.75
Interest Cost	17.94	15.71
Actuarial Losses/(Gains)	3.84	20.73
Past service cost	-	-
Benefits Paid	(26.27)	(11.95)
Closing Defined Benefit Obligation	232.55	206.96

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2016	31 March, 2015
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	209.49	163.35
Expected Return on Plan Assets	15.70	11.82
Actuarial Gains/(Losses)	(5.36)	1.26
Contributions by Employer	39.00	45.01
Benefits Paid	(26.27)	(11.95)
Closing Fair Value of Plan Assets	232.56	209.49

Experience adjustments

(₹ in crores)

	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
Defined Benefit Obligations	232.55	206.96	157.72	137.60	93.40
Plan Assets	232.56	209.49	163.35	146.22	97.91
Surplus/(Deficit)	0.01	2.53	5.63	8.62	4.51
Experience Adjustments on Plan Liabilities	2.78	1.06	7.67	4.58	27.08
Experience Adjustments on Plan Assets	(5.36)	1.27	2.33	2.07	0.48

NOTES (CONT.)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2016 %	31 March, 2015 %
Government securities	49.15	39.17
Bonds, debentures and other fixed income instruments	39.34	41.35
Money market instruments	5.69	6.37
Equity shares	2.62	1.18
Others	3.20	11.93

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2016	31 March, 2015
Discount Rate	7.95% p.a.	8.00% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	19.00%	19.00%
- 31 to 44 (age in years)	8.00%	8.00%
- 45 to 59 (age in years)	4.00%	4.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

The above information is as certified by the actuary and relied upon by the auditors.

2.2.12 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year	24.80	14.06
Additions during the year	15.78	11.27
Reductions on account of payments during the year	-	(0.23)
Reductions on account of reversals during the year	(0.76)	(0.30)
Closing balance at the end of the year	39.82	24.80

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	83.19	85.31
Provision made during the year	62.14	8.39
Reductions during the year	(17.95)	(10.51)
Closing provision at the end of the year	127.38	83.19

- c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	1,058.68	821.61
Provision made during the year	1,342.21	824.50
Reductions during the year	(1,861.80)	(587.43)
Closing provision at the end of the year	539.09	1,058.68

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

2.2.13 Unclaimed Shares:

Details of unclaimed shares as of 31 March, 2016 and 31 March, 2015 are as follows:

(₹ in crores)

	31 March, 2016	31 March, 2015
Aggregate number of shareholders at the beginning of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	18,000	18,000
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	-	-
Aggregate number of shareholders at the end of the year	29	29
Total outstanding shares in Unclaimed Suspense Account at the end of the year	18,000	18,000

2.2.14 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

2.2.15 Corporate Social Responsibility (CSR)

- a) Amount required to be spent by the Bank on CSR during the year ₹163.03 crores (previous year ₹133.77 crores).
- b) Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹137.41 crores (previous year ₹123.22 crores), which comprise of following -

(₹ in crores)

	31 March, 2016			31 March, 2015		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	23.03	-	23.03	2.90	-	2.90
On purpose other than above	97.04	17.34	114.38	116.72	3.60	120.32

NOTES (CONT.)

2.2.16 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. Apart from claims assessed as possible, the Bank holds provision of ₹25.67 crores as on 31 March, 2016 (previous year ₹25.63 crores) towards claims assessed as probable.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Bank and amount transferred to Depositor Education and Awareness Fund (DEAF).

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.2.17 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

For Axis Bank Ltd.

Sanjiv Misra
Chairman

V. R. Kaundinya
Director

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2016
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director