

SHAREHOLDERS & PROVIDERS OF CAPITAL



Actively engage with Shareholders and Providers of Capital
to create enduring value

SHAREHOLDERS & PROVIDERS OF CAPITAL



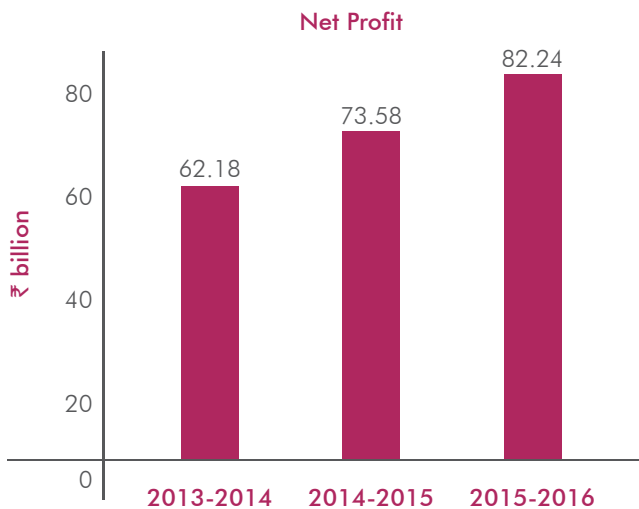
Profitable growth

This year has been a mix of opportunities and challenges for the Indian Banking sector. Despite the challenges, we continued to perform well, by leveraging our branch network and innovative electronic channels, a well-developed retail franchise, and a number of key corporate and SME relationships.

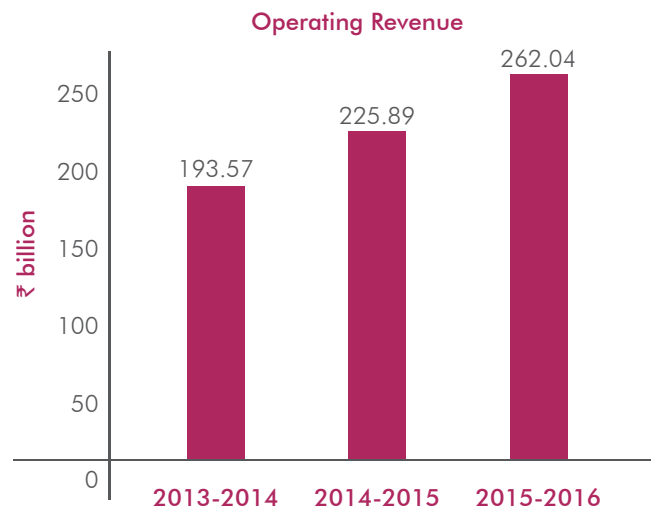
Net profit of ₹82.24 billion was reported for the year ended 31st March 2016, registering a growth of 11.77%

over the net profit of ₹73.58 billion last year. The growth in earnings was achieved owing to the contribution from all business segments.

We displayed steady growth in key balance sheet parameters for the year ended 31st March 2016. The total assets increased by 13.75% to ₹5,254.48 billion, total deposits increased by 11.02% to ₹3,579.68 billion, while total advances increased by 20.52% to ₹3,387.74 billion.



During the year, we continued to expand our network, as we believe that both physical branches and digital channels will co-exist to create superior customer experiences, which remain the cornerstone of our vision and strategy.



Our retail businesses grew steadily during the year and there was credible growth of both retail deposits and loans, supported by an expanding network that is critical to the retail franchise.

Our corporate advances portfolio grew higher than industry growth rates as we continue to find attractive refinancing opportunities for highly-rated corporates that are new relationship additions to the Bank's franchise.

Capital management

The Bank strives for continual enhancement of shareholder value by efficiently using capital to maximise return on equity. Aiming to achieve this objective, we endeavour to develop an asset structure that will be sensitive to the importance of increasing the proportion of low-risk weighted assets. Our capital management framework helps ensure an appropriate composition of capital and an optimal mix of businesses.

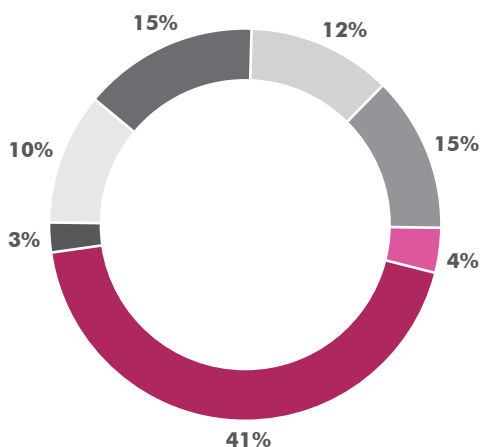
During the year RBI made certain amendments which included rationalisation of the risk weights and LTV ratios for individual housing and among other changes to treatment of DTA in calculation of CET1 is of significance. These measures improved total CAR by

approximately 30 basis points during fiscal 2016.

We are well capitalised with an overall Capital Adequacy Ratio (CAR) of 15.29% as on 31st March 2016, computed under Basel III norms, which is well above the benchmark requirement of 9.625% stipulated by the Reserve Bank of India (RBI). Of this, the Common Equity Tier I CAR was 12.48% (minimum regulatory requirement of 6.125%) and Tier I CAR was 12.51% (minimum regulatory requirement of 7.00%) against 12.07% last year. The Tier II CAR was at 2.78% against 3.02% last year.

In accordance with the RBI's guidelines on the issuance of long-term bonds for financing of infrastructure and affordable housing, the Bank successfully raised ₹30 billion of long-term Infrastructure bonds during the year. The outstanding balance in long-term infrastructure bonds as on 31st March, 2016 was ₹87.05 billion.

Shareholding Pattern (as on 31st March 2016)



- Administrator of the specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC) & its group entities
- General Insurance Corporation and four PSU insurance companies
- Overseas investors (including FII/OCBs/NRIs)
- Foreign Direct Investment (GDR issue)
- Other Indian financial institutions/Mutual funds/Banks
- Other

Shareholder returns

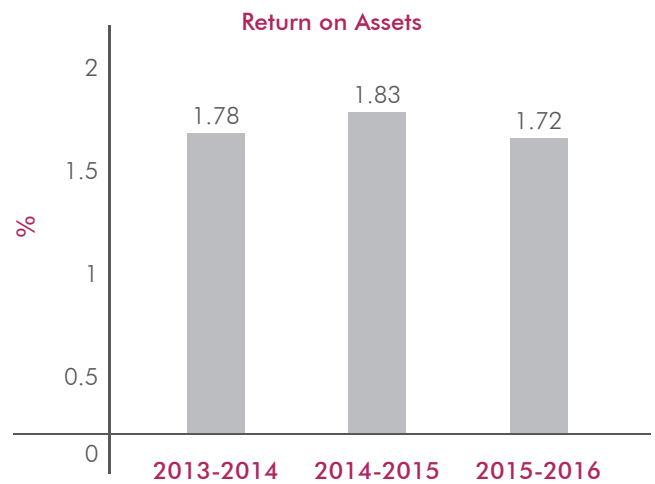
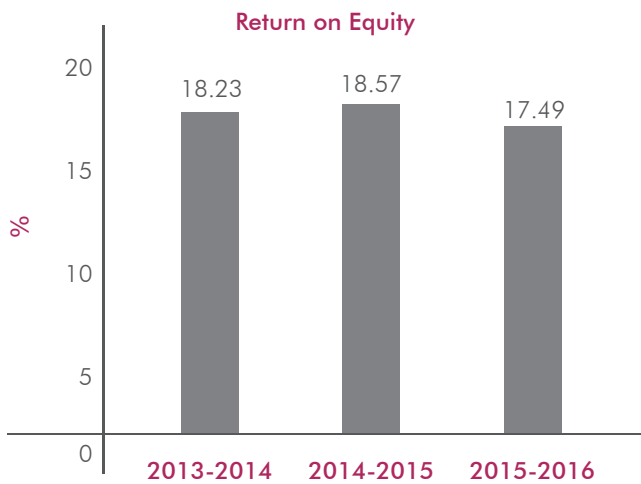
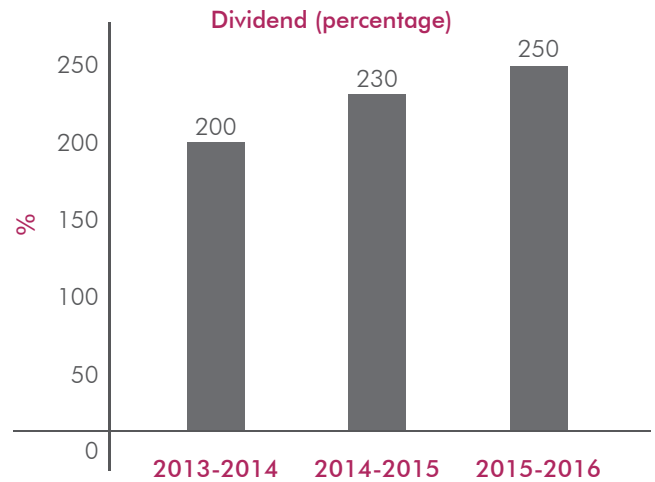
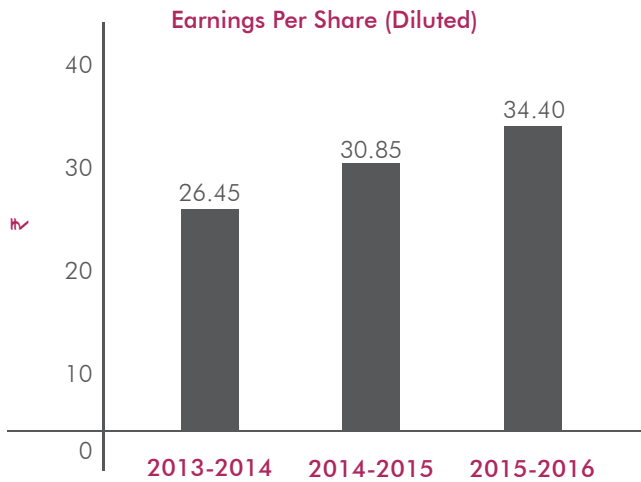
We continued to enhance our shareholder value by delivering healthy financial return ratios. Basic Earnings Per Share (EPS) was ₹34.59 compared to ₹31.18 last year, while the Diluted Earnings Per Share was ₹34.40 compared to ₹30.85 last year.

Key return ratios continued to remain healthy, with Return on Equity (RoE) at 17.49% compared to 18.57% last year, and Return on Assets (RoA) at 1.72% compared to 1.83% last year. The Net Interest Margin (NIM) for the year was 3.90% compared to 3.92% last year.

During the year we added ₹73.45 billion as fresh additions to gross NPAs and ₹53.00 billion to net NPAs

after adjusting for recoveries and upgradations of ₹17.03 billion and ₹3.42 billion respectively. The Bank's ratio of Gross NPAs to gross customer assets stood at 1.67%, and Net NPA ratio (Net NPAs as percentage of net customer assets) at 0.70%.

In view of the overall performance of the Bank and the objective of rewarding shareholders with cash dividends, while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a dividend of ₹5.00 per equity share of ₹2 each for the year ended 31st March 2016, as compared to ₹4.60 per equity share of ₹2 each declared last year.



Shareholder engagement

We engage with shareholders and investors on a continual basis. Key updates are shared through investor and analyst meetings and calls, and quarterly and annual results announcements.

Our website also contains shareholder information and updates. Annual General Meetings are held to apprise

shareholders on our performance and plans and seek shareholder approvals. In case of grievances, shareholders can reach us through email. The Board, through the Stakeholder Relationships Committee, oversees redressal of the grievances of security holders of the Bank, inter alia relating to the non-receipt of dividend/interest, refund order/redemption, transfer/transmission, non-receipt of the annual report.