DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS (CONSOLIDATED)
FOR THE YEAR ENDED 31ST MARCH 2016

I. SCOPE OF APPLICATION AND CAPITAL ADEQUACY

Name of the head of the banking group to which the framework applies: Axis Bank Limited

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on the 3rd December 1993. The Bank is the controlling entity for all group entities. The consolidated financial statements of the Bank comprise the financial statements of Axis Bank Limited and its subsidiaries that together constitute the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard 21 (AS-21) 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

(i) Qualitative Disclosures

The list of group entities considered for consolidation is given below:

Name of the Entity/Country of Incorporation	Included under Accounting Scope of Consolidation	Method of Consolidation	Included under Regulatory Scope of Consolidation	Method of Consolidation	Reasons for difference in the Method of Consolidation	Reasons, if Consolidated under only one of the Scopes of Consolidation
Axis Asset Management Company Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA
Axis Bank UK Limited/UK	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA
Axis Capital Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA
Axis Finance Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA
Axis Mutual Fund Trustee Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA

Name of the Entity/Country of Incorporation	Included under Accounting Scope of Consolidation	Method of Consolidation	Included under Regulatory Scope of Consolidation	Method of Consolidation	Reasons for difference in the Method of Consolidation	Reasons, if Consolidated under only one of the Scopes of Consolidation
Axis Private Equity Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA
Axis Securities Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA
Axis Trustee Services Limited/India	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA
Axis Securities Europe Limited/UK	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21-Consolidated Financial Statements	NA	NA

* NA – Not Applicable

There are no group entities that are not considered for consolidation under both the accounting scope of consolidation and regulatory scope of consolidation.

(ii) Quantitative Disclosures

The list of group entities considered for consolidation as on 31st March 2016 is given below:

(Amt. in millions)

Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity*	Total Balance Sheet Assets
Axis Asset Management Company Limited/India	Asset Management company for Axis Mutual Fund	₹2,101	₹2,892
Axis Bank UK Limited/UK	Retail Banking, Corporate Banking, Commercial Banking and Treasury Services	₹3,644 (USD 55)	₹43,831 (USD 662)
Axis Capital Limited/India	Merchant Banking, Institutional Broking and Investment Banking Business	₹735	₹6,314
Axis Finance Limited/India	Non-Banking Financial activities	₹3,683	₹33,680
Axis Mutual Fund Trustee Limited/India	Trustee company for Axis Mutual Fund	₹1	₹3
Axis Private Equity Limited/India	Managing investments, venture capital funds and off-shore funds	₹15	₹54
Axis Securities Limited/India	Marketing of Retail Asset Products, Credit Cards and Retail Broking	₹1445	₹3,158
Axis Trustee Services Limited/India	Trusteeship services	₹15	₹639

(Amt. in millions)

Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity*	Total Balance Sheet Assets
Axis Securities Europe Limited/UK	To advise and arranging deals in investments.	₹95 (GBP 1)	₹178 (GBP 2)

* Paid up Equity Capital

Note -
There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.

As on 31st March 2016, the Bank does not have controlling interest in any insurance entity.

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

II. CAPITAL ADEQUACY

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31st March 2019. These guidelines on Basel III have been implemented on 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31st March 2016 is 9.625% with minimum Common Equity Tier 1 (CET1) of 6.125% (including CCB of 0.625%)

An assessment of the capital requirement of the Bank is carried out through a comprehensive projection of future businesses that takes cognizance of the strategic intent of the Bank, profitability of particular businesses and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirement but also provides headroom for growth. The calibration of risk to business is enabled by a strong risk culture in the Bank aided by appropriate, technology-based risk management systems. As part of the Internal Capital Adequacy Assessment Process (ICAAP), the Bank also assesses the adequacy of capital under stress. A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 31st March 2016 is presented below:

(₹ in millions)

Capital Requirements for various Risks	Amount
CREDIT RISK	
Capital requirements for Credit Risk	
- Portfolios subject to standardized approach	311,280
- Securitisation exposures	-
MARKET RISK	
Capital requirements for Market Risk	
- Standardised duration approach	27,106
- Interest rate risk	23,522
- Foreign exchange risk (including gold)	751
- Equity risk	2,833
OPERATIONAL RISK	
Capital requirements for Operational risk	
- Basic indicator approach	32,874

Capital Adequacy Ratios	Consolidated	Standalone
Common Equity Tier – 1 CRAR	12.56%	12.48%
Tier – 1 CRAR	12.62%	12.51%
Total CRAR	15.41%	15.29%

III. RISK MANAGEMENT: OBJECTIVES AND ORGANISATION STRUCTURE

The wide variety of businesses undertaken by the Bank requires it to identify, measure, control, monitor and report risks effectively. The key components of the Bank's risk management rely on the risk governance architecture, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Bank's risk governance architecture focuses on the key areas of risk such as credit, market (including liquidity) and operational risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework as illustrated below:

The Bank has put in place policies relating to management of credit risk, market risk, operational risk, reputation risk, subsidiary risk and asset-liability both for the domestic as well as overseas operations along with overseas subsidiaries as per the respective host regulatory requirements and business needs. The overseas policies are drawn based on the risk perceptions of these economies and the Bank's risk appetite.
The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, market wide and a combination of both.

Structure and Organisation

The Chief Risk Officer reports to the Managing Director and CEO and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has separate teams for individual components of risk i.e. Credit Risk, Market Risk (including Treasury Mid Office), Operational Risk, Enterprise Risk, Risk Analytics, Risk Data Management, Information Security

Risk and Enterprise Governance Risk and Compliance (EGRC). These teams report to the Chief Risk Officer.

IV. CREDIT RISK

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or wilful default of the borrower in honouring the financial commitments to the Bank. The Bank is exposed to credit risk through lending and capital market activities.

Credit Risk Management Policy

The Board of Directors establishes parameters for risk appetite which are defined through strategic businesses plan as well as the Corporate Credit Policy. Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. Corporate credit is managed through rating of borrowers and the transaction, thorough due diligence through an appraisal process alongside risk vetting of individual exposures at origination and thorough periodic review (including portfolio review) after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.

Credit Rating System

The foundation of credit risk management rests on the internal rating system. Rating linked single borrower exposure norms, delegation of powers and review frequency have been adopted by the Bank. The Bank has developed rating tools specific to market segments such as large and mid-corporates, SME, financial companies, microfinance companies and project finance to objectively assess underlying risk associated with such exposures.

The credit rating model uses a combination of quantitative and qualitative inputs to arrive at a 'point-in-time' view of the risk profile of counterparty. Each internal rating grade corresponds to a distinct probability of default over one year. Expert scorecards are used for various SME schematic products and retail agriculture schemes. Statistical application and behavioural scorecards have been developed for all major retail portfolios.

The Bank recognises cash, central/state government, bank and corporate guarantees, exclusive mortgage of properties and lease rental securitisation for the purpose of credit enhancement to arrive at a facility rating.

Model validation is carried out annually by objectively assessing the discriminatory power, calibration accuracy and stability of ratings. The Bank has completed the estimation and validation of PD, LGD and CCF models for corporate and retail portfolios.

Credit Sanction and Related Processes

The guiding principles behind the credit sanction process are as under:

- ‘Know Your Customer’ is a leading principle for all activities.
- The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower’s normal business operations and not based solely on the availability of security.

The Bank has put in place a hierarchical committee structure based on the size and rating of the exposures for credit sanction and review; with sanctioning authority rested with higher level committees for larger and lesser rated exposures. Committee of Directors (COD) is the topmost committee in the hierarchy which is a sub-committee of the Board.

All management level sanctioning committees require mandatory presence of a representative from Risk Department for quorum.

Review and Monitoring

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

Concentration Risk

The Bank manages concentration risk by means of appropriate structural limits and borrower-wise limits based on credit-worthiness. Credit concentration in the Bank's portfolios is monitored for the following:

- Large exposures to the individual clients or group: The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits which are continuously tracked and monitored.
- Geographic concentration for real estate exposures.
- Concentration of unsecured loans to total loans and advances.
- Concentration by Industry: Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as demand-supply, input related risks, government policy stance towards the sector and financial strength of the sector in general. Such categorization is used in determining the expansion strategy for the particular industry.

Portfolio Management

Portfolio level risk analytics and reporting to senior management examines optimal spread of risk across various rating classes, undue risk concentration across any particular industry segments and delinquencies. Borrowers or portfolios are marked for early warning when signs of weakness or financial deterioration are envisaged in order that timely remedial actions may be initiated. In-depth sector specific studies are undertaken on portfolios vulnerable to extraneous shocks and the results are shared with the business departments. The Bank has a well-defined stress testing policy in place and at least on a quarterly basis, stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy.

Retail lending portfolio is the blended mix of Consumer Lending and Retail Rural Lending Portfolios. Secured products (like mortgage, wheels business) still commands a major share of the Consumer Lending Portfolio, with prudent underwriting for unsecured lending (personal loans and credit card business) continuing during the current year. The Bank has developed a robust risk management framework at each stage of retail loan cycle i.e. loan acquisition, underwriting and collections.

Underwriting strategy relies on extensive usage of analytical scoring models which also takes inputs from bureau. The Bank uses 'Rules Engine' which helps customise business rules thereby aiding in faster decision making without compromising on the underlying risks. Senior Management takes note of movement and direction of risk reported through information published on structured dashboards.

AXIS BANK

Definitions and Classification of Non-Performing Assets

Advances are classified into performing and non-performing asset (NPAs) as per RBI guidelines.

Anon-performing asset (NPA) is a loan or an advance where;

- interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- the account remains 'out-of-order' for a period of more than 90 days in respect of an Overdraft or Cash Credit (OD/CC),
- the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted,
- a loan granted for short duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for two crop seasons,
- a loan granted for long duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for one crop season,
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.

NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained a NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully.

Definition of Impairment

At each balance sheet date, the Bank ascertains if there is any impairment in its assets. If such impairment is detected, the Bank estimates the recoverable amount of the asset. If the recoverable amount of the asset or the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account.

CREDIT RISK EXPOSURES

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure – Position as on 31st March 2016

(₹ in millions)

	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	4,234,282	597,869	**4,832,151**
Non Fund Based *	883,070	99,090	**982,160**
Total	**5,117,352**	**696,959**	**5,814,311**

* Non-fund based exposures are bank guarantees issued on behalf of constituents and acceptances and endorsements.

AXIS BANK

Distribution of Credit Risk Exposure by Industry Sector – Position as on 31st March 2016

(₹ in millions)

Industry Classification	Amount	
	Fund Based (Outstanding)	Non-Fund Based (Outstanding)
Banking and Finance*	326,744	153,860
Infrastructure (excluding Power)	264,146	168,459
Power Generation & Distribution	212,933	46,263
Trade	173,482	61,231
Engineering	84,525	142,548
Chemicals and Chemical products	103,775	109,752
Commercial Real Estate	163,088	16,654
Iron and Steel	111,227	27,058
Metal and Metal Products	80,095	25,923
Food Processing	70,888	2,603
NBFCs	54,807	15,140
Professional Services	63,222	3,312
Construction	28,774	35,729
Cotton Textiles	56,932	1,501
Petroleum,Coal Products and Nuclear Fuels	35,351	18,334
Cement and Cement Products	46,340	6,180
Computer Software	24,586	19,943
Shipping Transportation & Logistics	36,842	2,976
Mining and Quarrying (incl. Coal)	29,592	3,057
Entertainment & Media	20,284	11,054
Vehicles, Vehicle Parts and Transport Equipment	27,614	3,364
Paper and Paper Products	25,533	4,134
Rubber, Plastic and their Products	22,329	3,602
Other Textiles	20,956	2,606
Gems and Jewellery	18,580	2,304
Edible Oils and Vanaspati	6,760	13,877
Other Industries	174,785	65,955
Residual Exposures	2,547,961	14,741
- of which Other Assets	151,275	-
- of which Banking Book Investments	696,769	-
- of which Retail, Agriculture & Others	1,699,917	14,741
Total	**4,832,151**	**982,160**

* includes Cash, Balances with RBI and Balances with banks and money at call and short notice

As on 31st March 2016, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure(outstanding):

Sr. No.	Industry Classification	Percentage of the total gross credit exposure
1.	Banking & Finance	8%
2.	Infrastructure	7%

AXIS BANK

Residual Contractual Maturity Breakdown of Assets – Position as on 31st March 2016*

(₹ in millions)

Maturity Bucket	Cash	Balances with RBI	Balances with other banks#	Investments	Advances	Fixed Assets	Other assets
1day	41,205	46,611	27,427	167,099	42,060	-	2,148
2 to 7 days	-	4,202	49,197	40,770	38,288	-	11,433
8 to 14 days	-	3,083	870	27,869	31,819	-	10,944
15 to 30 days	-	4,510	3,858	35,273	49,286	-	26,499
31 days to 2 months	-	6,845	9,491	43,995	65,219	-	1,979
Over 2 months and upto3 months	-	5,501	712	41,977	108,460	-	1,591
Over 3 months and upto 6 months	-	11,232	7,955	71,552	138,954	-	31,538
Over 6 months and upto 12 months	-	24,956	11,619	189,149	300,433	-	44,974
Over 1 year and upto 3 years	-	16,386	8,380	137,932	617,745	7	26,763
Over 3 years and upto 5 years	-	4,758	-	58,508	444,183	-	40,082
Over 5 years	-	54,323	-	417,416	1,612,803	35,782	87,809
Total	**41,205**	**182,407**	**119,509**	**1,231,540**	**3,449,250**	**35,789**	**285,760**

* Intra-group adjustments are excluded
# including money at call and short notice

Movement of NPAs(including NPIs) – Position as on 31st March 2016

(₹ in millions)

	Particulars	Amount
A.	**Amount of NPAs (Gross)**	60,875
	- Substandard	16,139
	- Doubtful 1	13,066
	- Doubtful 2	17,206
	- Doubtful 3	566
	- Loss	13,898
B.	**Net NPAs**	25,221
C.	**NPA Ratios**	
	- Gross NPAs (including NPIs) to gross advances (%)	1.75%
	- Net NPAs (including NPIs) to net advances (%)	0.73%
D.	**Movement of NPAs (Gross)**	
	- Opening balance as on 1st April 2015	41,102
	- Additions	73,445
	- Reductions	(53,672)
	- Closing balance as on 31st March 2016	60,875

AXIS BANK

Movement of Specific & General Provision – Position as on 31st March 2016

(₹ in millions)

Movement of Provisions	Specific Provisions	General Provisions
- Opening balance as on 1st April 2015	30,358	17,347
- Provision made in 2015-16#	29,139	4,145
- Write-offs	(22,481)	-
- Write-back of excess provision	(1,016)	-
- Closing balance as on 31st March 2016	36,000	21,492

includes effect of exchange rate fluctuation of ₹110 million in specific provisions and ₹171 million in general provisions.

Details of write-offs and recoveries that have been booked directly to the income statement – Position as on 31st March 2016

(₹ in millions)

Write-offs that have been booked directly to the income statement	326
Recoveries that have been booked directly to the income statement	1,605

NPIs and Movement of Provision for Depreciation on Investments – Position as on 31st March 2016

(₹ in millions)

		Amount
A.	Amount of Non-Performing Investments	2,390
	Amount of Non-Performing Investments- Others*	-
B.	Amount of Provision held for Non-performing investments	2,324
	Amount of Provision held for Non-performing investments- Others*	-
C.	Movement of provision for depreciation on investments	
	- Opening balance as on 1st April 2015	723
	- Provision made in 2015-16	1,503
	- Write-offs/Write-back of excess provision	-
	- Closing balance as on 31st March 2016	2,226

Breakup of NPA by major industries – Position as on 31st March 2016

(₹ in millions)

	Amount	
Particulars	**GROSS NPA**	**Specific Provision**
Trade	6,389	4,262
Infrastructure (excluding Power)	6,386	3,935
Power Generation & Distribution	5,326	1,207
Professional services	3,704	1,746
Engineering	2,862	1,874
Banking and Finance	2,218	2,181
Commercial real estate	1,503	242
Iron and Steel	1,375	778
Other metal and metal products	785	363
Chemicals and chemical products	670	187
Food Processing	438	237
Construction	91	157
Retail, Agri& Other Industries	29,128	18,831
Total	**60,875**	**36,000**

Note:- Specific provisions include NPA and restructured provisions

General provision in Top 5 industries amounts to ₹6,103 million.

Major Industries breakup of specific provision and write-off's during the current period – For quarter ended 31st March 2016

(₹in millions)

Industry	**Provision**	**Write-offs**
Specific Provision in Top 5 industries	2,501	210

Geography wise Distribution of NPA and Provision – Position as on 31st March 2016

(₹ in millions)

Geography	**Gross NPA**	**Specific Provision**	**General Provision**
Domestic	51,841	30,760	17,912
Overseas	9,034	5,240	3,580
Total	**60,875**	**36,000**	**21,492**

Credit Risk: Use of Rating Agency under the Standardised Approach

The RBI guidelines on capital adequacy require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely Brickworks, CARE, CRISIL, ICRA, India RatingsandSMERAfor domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issue ratings would be used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. Structured Obligation (SO) ratings are not used unless the Bank has a direct exposure in the 'SO' rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognised credit risk mitigation techniques for such claims.

Issuer ratings provide an opinion on the general credit worthiness of the rated entities in relation to their senior unsecured obligations. Therefore, issuer ratings would be directly used to assign risk-weight to unrated exposures of the same borrower.

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight – Position as on 31st March 2016

(₹ in millions)

	Amount
Below 100% risk weight	3,541,192
100% risk weight	1,452,599
More than 100% risk weight	820,520
Deduction from capital funds	-

V. CREDIT RISK MITIGATION

The Bank uses various collaterals both financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, National Savings Certificate/KisanVikasPatra/Life Insurance Policy and gold, while main non-financial collaterals include land and building, plant and machinery, residential and commercial mortgages. The guarantees include guarantees given by corporate, bank and personal guarantees. This also includes loans and advances guaranteed by Export Credit & Guarantee Corporation Limited (ECGC), Credit Guarantee Fund Trust for Small Industries (CGTSI), Central Government and State Government.

The Bank has in place a collateral management policy, which underlines the eligibility requirements for Credit Risk Mitigants (CRM) for capital computation as per Basel III guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and re-margining/revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

Details of Total Credit Exposure (after on or off Balance Sheet Netting) as on 31st March 2016

(₹ in millions)

	Amount
Covered by:	
- Eligible financial collaterals after application of haircuts	152,979
- Guarantees/credit derivatives	130,965

VI. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimisation of usage of capital and churning of the assets as part of risk management strategy.

The securitisation of assets generally being undertaken by the Bank is on the basis of 'True Sale', which provides 100% protection to the Bank from default. The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

The Bank may also invest in securitised instruments which offer attractive risk adjusted returns. The Bank enters into purchase/sale of corporate and retail loans through direct assignment/SPV. In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank, however, does not follow the originate to distribute model and pipeline and warehousing risk is not material to the Bank.

Valuation of securitised exposures is carried out in accordance with the Fixed Income Money Market and Derivatives Association (FIMMDA)/RBI guidelines. Gain on securitisation is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. 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'.

The Bank follows the standardized approach prescribed by the RBI for the securitization activities. The Bank uses the ratings assigned by various external credit rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for its securitisation exposures.

All transfers of assets under securitisation were effected on true sale basis. However, in the year ended 31st March 2016, the Bank has not securitized any asset.

A. Banking Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	
I	Total amount of exposures securitised	-
Ii	Losses recognised by the Bank during the current period	-
iii	Amount of assets intended to be securitised within a year	-
	Of which	
	- Amount of assets originated within a year before securitisation	-
iv	Amount of exposures securitised	
	- Corporate Loans	-
v	Unrecognised gain or losses on sale	
	- Corporate Loans	-

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31st March 2016 is given below

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased	-	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in millions)

	Amount	Capital charge
Below 100% risk weight	-	-
100% risk weight	-	-
More than 100% risk weight	-	-
Deductions		
- Entirely from Tier I capital	-	-
- Credit enhancing I/Os deducted from Total Capital	-	-
- Credit enhancement (cash collateral)	-	-

B. Trading Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	Amount
i	Aggregate amount of exposures securitised by the Bank for which the Bank has retained some exposures and which is subject to the market risk approach	-

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31st March 2016 is given below

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet*	Off Balance Sheet
I	Retained	-	-
ii	Securities purchased		
	- Corporate Loans	-	-
	- Lease Rental	2,364	-
	- Priority Sector (auto pool & micro finance)	2,174	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
V	Other commitments	-	-

* includes outstanding balance of PTCs purchased in earlier years also

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in millions)

		Amount	Capital charge
i	Exposures subject to Comprehensive Risk Measure for specific risk		
	- Retained	-	-
	- Securities purchased	-	-
ii	Exposures subject to the securitisation framework for specific risk		
	Below 100% risk weight	4,538	147
	100% risk weight	-	-
	More than 100% risk weight	-	-
iii	Deductions		
	- Entirely from Tier I capital	-	-
	- Credit enhancing I/Os deducted from Total Capital	-	-
	- Credit enhancement (cash collateral)	-	-

VII. MARKET RISK IN TRADING BOOK

Market risk is the risk of loss to the Bank's earnings and capital due to changes in the market level of interest rates, price of securities, foreign exchange rates and equities' price, as well as the volatilities of those changes. The Bank is exposed to market risk through its investment activities and also trading activities, which are undertaken for customers as well as on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank has:

- Board approved market risk policies and guidelines which are aligned to the regulatory guidelines and based on experiences gained over the years. The policies are reviewed periodically keeping in view regulatory changes, business requirements and market developments.
- Process manual which are updated regularly to incorporate and document the best practices.
- Market risk identification through elaborate mapping of the Bank's main businesses to various market risks.
- Statistical measures like Value at Risk (VaR), supplemented by stress tests, back tests and scenario analysis.
- Non-statistical measures like position limits, marked-to-market (MTM), gaps and sensitivities (mark-to-market, position limits, duration, PVBP, option Greeks).
- Management Information System (MIS) for timely market risk reporting to senior management functionaries. Key risk metrics are presented to the Risk Management Committee of the Board through Risk Dash-Boards.

Risk limits such as position limits, stop-loss limits, alarm limits, gaps and sensitivities (duration, PVBP, option Greeks) are set up and reviewed periodically, based on a number of criteria including regulatory guidelines, relevant market analysis, business strategy, size of the investment and trading portfolio, management experience and the Bank's risk appetite. These limits are monitored on an intra-day/daily basis by the Treasury Mid-office and the exceptions are put up to ALCO and Risk Management Committee of the Board.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated and reported on a daily basis for the trading portfolios at a 99% confidence level for a one-day holding period, using 250 days of historical data or one year of relative changes in historical rates and prices. The model assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is, therefore, limited by the relevance of the historical data used. The method, however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model.

The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behaviour of a portfolio under extreme but plausible conditions and its impact on earnings and capital. The Bank undertakes stress tests for market risks for its trading book, IRS, forex open position and forex gaps on a monthly basis as well as for liquidity risk at the end of each quarter. The Bank has built its capabilities to migrate to advanced approach i.e. Internal Models Approach for assessment of market risk capital.

Concentration Risk

The Bank has allocated the internal risk limits in order to avoid concentrations, wherever relevant. For example, the Aggregate Gap Limit, Net Open Position and daylight limits are allocated to various currencies and maturities into Individual Gap Limits to monitor concentrations. Similarly, stop-loss limits and duration limits have been set up for different categories within a portfolio. Within the overall PV01 limit, a sub-limit is set up which is not expected to be breached by trades linked to any individual benchmark. Some of the limits like currency wise net open position, stop loss limits and PV01 limits are allocated dealer-wise also, based on their skill and experience, to avoid build up of positions in a single dealer's book.

Liquidity Risk

Liquidity Risk is the current and prospective risk to earnings or capital arising from a Bank's inability to meet its current or future obligations on the due date. Liquidity risk is two-dimensional viz., risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The goal of Liquidity Risk Management is to meet all commitments on the due date and also be able to fund new investment opportunities by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools and monitoring and reporting mechanism using effective use of IT systems for availability of quality data.

The Bank manages its liquidity on a static as well as dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements, intraday liquidity monitoring tools and scenario analysis. The Bank's ALM policy defines the tolerance limits for its structural liquidity position. The Liquidity Policy for the domestic operations as well as for the overseas branches lay down the operational framework for prudent risk management in the Bank. The liquidity profile of the Bank is analysed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the actual maturity and expected occurrence (for non-maturity items) of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months. The Bank undertakes behavioral analysis of the non-maturity products viz. savings and current deposits and cash credit/overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and drawdown of unavailed credit limits are also captured through behavioral studies. The concentration of large deposits is monitored on a periodic basis.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions. The liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

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).

Counterparty Risk

The Bank has a Counterparty Risk Management Policy incorporating well laid-down guidelines, processes and measures for counterparty risk management. The policy includes separate counterparty rating models for commercial banks, foreign banks and co-operative banks for determining maximum permissible exposure limits for counterparties. The key financials, quality of management and the level of corporate governance are captured in the counterparty rating model. Counterparty limits are monitored and reported daily and internal triggers have been put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals based on the financials of the counterparties, business need, past transaction experiences and market conditions. The Bank has also put in place the 'Derivatives and Suitability & Appropriateness Policy' and Loan Equivalent Risk (LER) Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

Country Risk

The Bank has a country risk management policy containing the guidelines, systems and processes to effectively identify, assess, monitor and control its country risk exposures. Based on the risk profiling, countries are classified under seven categories i.e. insignificant, low, moderate, high, very high, restricted and off-credit. Risk profiling is based on the ratings provided by Export Credit Guarantee Corporation of India Ltd. (ECGC), Dun & Bradstreet, Standard & Poor's Banking Industry

Country Risk Assessment (BICRA), inputs received from overseas branches/business departments, reports published by various agencies viz. Moody's, Standard &Poor's, Fitch and other publications of repute. The categorisation of countries is reviewed at quarterly intervals or at more frequent intervals if situations so warrant. An exposure to a country comprises all assets, both funded and non-funded, that represents claims on residents of another country. The Bank has in place both category wise and country wise exposure limits. The Bank monitors country risk exposures through a process of trigger limits as well as prior approval system for select categories viz. high, very high, restricted and off-credit to ensure effective monitoring and management of exposures. As a proactive measure of country risk management, Risk department issues 'Rating Watch' from time to time. Further, based on country-specific developments, the concerned business departments are provided updates on countries which have high probability of a rating downgrade.

Risk Management Framework for Overseas Operations

The Bank has put in place separate risk management policies for each of its overseas branches in Singapore, Hong Kong, Dubai, Colombo and Shanghai. These country-specific risk policies are based on the host country regulators' guidelines and in line with the practices followed for the Indian operations. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally at the Central Office.

Capital Requirement for Market Risk – Position as on 31st March 2016

(₹ in millions)

Type	Amount of Capital Required
Interest rate risk	23,522
Equity position risk	2,833
Foreign exchange risk (including gold)	751

VIII. OPERATIONAL RISK

Strategies and Processes

Operational Risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank. The policy also comprises the detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicator framework.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz., Operational Risk Management Committee, Product Management Committee, Change Management Committee, Outsourcing Committee, Business Continuity Management Committee (BCMC) and IT Security Committee.

Structure and Organisation

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. The RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the OR framework and oversees the management of operational risks across the Bank. A sub-committee of ORMC (Sub-ORMC) has been constituted to assist the ORMC in discharging its functions by deliberating the operational risk issues in detail and escalating the critical issues to ORMC.A dedicated operational risk management unit ensures management of operational risk. A representative of the Risk Department is also a permanent member of control committees on product management covering approval of new products, change management of processes, outsourcing, business continuity management and IT Security.

Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. Critical risks and major loss events are reported to the Senior Management/ORMC.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of an Enterprise Governance Risk and Compliance platform (SAS-EGRC). The IT platform acts as the single repository of processes and operational, compliance and financial reporting risks. It facilitates capturing of individual risks and the effectiveness of their controls, tagging of identified risks to processes and products, originates action plans and acts as a repository of all operational risk events.

Policies for Hedging and Mitigating Operational risk

An Operational Risk Management Policy approved by the Risk Management Committee of the Board details the framework for managing and monitoring operational risk in the Bank. Business units put in place basic internal controls as approved by the Product Management Committee to ensure appropriate controls in the operating environment throughout the Bank. As per the policy, all new products are being vetted by the Product Management Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. Each new product or service introduced is subject to a risk review and sign-off process. Similarly, any changes to the existing products/processes are being vetted by the Change Management Committee.

Key Risk Indicators (KRIs) have been developed for various Business Units of the Bank for effective monitoring of key operational risks. KRIs for the branches has also been launched as a new initiative to help branches to manage operational risk better. The Bank wide trainings are being periodically conducted by the Operational Risk Department.

The Bank has adopted BCP and IT Disaster Recovery Policy wherein critical activities and system applications have been defined, recovery plan is in place for these critical activities and system applications to ensure timely recovery of the Bank's critical products and services in the event of an emergency.

Regular tests have been carried out to ascertain BCP preparedness. The test reports are shared with senior management on a regular frequency. Business Continuity Management Committee (BCMC) has been formed comprising of senior functionaries of the Bank, which monitors BCM framework implementation in the Bank. A sub-committee of the BCMC (sub-BCMC) has been also formed to review and recommend measures to strengthen BCM framework in the Bank.

Approach for Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for computing the capital for operational risk for the year ending 31^{st} March 2016. Based on the measures outlined above, the Bank is preparing itself for migration to the Advanced Measurement Approach of capital computation for operational risk under Basel III.

IX. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest Rate Risk in the Banking Book is measured and monitored according to the guidelines laid out in the Bank's Asset Liability Management (ALM) Policy based on the guidelines of RBI presented in the document "Guidelines on Banks' Asset Liability Management Framework – Interest Rate Risk" dated 4th November 2010. Interest Rate Risk is measured for the (a) entire balance sheet and (b) banking book only through Earnings at Risk and Market Value of Equity Approach as described below.

The Bank employs Earnings at Risk (EaR) measures to assess the sensitivity of its net interest income to parallel movement in interest rates over the 1 year horizon. The Bank measures the level of its exposure of the present value of all assets and liabilities to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements as stipulated in the relevant RBI guidelines. Computation of EaR and MVE is done through the ALM software used by the Bank. The Bank prepares Structural Liquidity reports and Interest Rate Sensitivity reports for domestic operations on the daily basis which are reviewed against Regulatory and Internal limits. Internal limits have been established for (a) Earnings at Risk for a 1% parallel shift in interest rates over the horizon of 1 year, and (b) 2% parallel shift in interest rates for Market Value of Equity impact which are reported monthly to ALCO. Any review of the internal interest rate risk limits is approved by the ALCO and is ratified by the Risk Management Committee of the Board.

Interest Rate Risk for Banking Book from both Earnings at Risk perspective as well as Market Value of Equity perspective is computed and reported quarterly in the Stress Testing results of the Bank. Stress testing results are submitted to the Risk Management Committee of the Board as well as the senior management of the Bank for their review.

Interest Rate Risk bucketing of non-maturity based liability items is based on the Behavioral Analysis policy approved by the ALCO for identification of core and non-core components. Behavioral Analysis is conducted annually by the Bank as well as back tested subsequently. Historical trends in (product-wise) daily / monthly aggregate balances and their associated volatilities in non-maturity based items over a time period of past 3/5 years are used to estimate the likelihood of the drop in balances over specified time intervals. The confidence level for the analysis is considered at 85%, which corresponds to one standard deviation over the mean. 85% confidence level is considered adequate as the structural liquidity analysis is done on a daily basis. Bucketing rules of core and non-core portions in the interest rate sensitivity statements are laid out in the ALM policy. The Bank does not use any assumptions for prepayment of loans for preparation of interest rate risk sensitivity reports.

The findings of the various IRRBB measures are submitted to the ALCO, which is the apex committee for providing strategic guidance and direction for the ALM measures.

Details of increase (decrease) in earnings and economic value for upward and downward rate shocks based on balance sheet as on 31st March 2016 are given below:

Earnings Perspective

(₹ in millions)

Currency	Interest Rate Shock	
	+200bps	**-200bps**
INR	21,300	(21,300)
USD	654	(654)
Residual	(813)	813
Total	**21,141**	**(21,141)**

Economic Value Perspective

(₹ in millions)

Currency	Interest Rate Shock	
	+200bps	-200bps
INR	22,284	(22,284)
USD	(1,575)	1,575
Residual	(264)	264
Total	**20,445**	**(20,445)**

Note: Interest Rate Risk in Banking Book is computed only for banks/bank like entities where the inherent business is maturity transformation of assets and liabilities, thereby resulting in interest rate mismatch. Other subsidiaries whose core business is not banking activity, IRRBB need not be computed.

X. EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty credit limits and exposures are monitored daily and internal triggers are put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals.

Methodology used to assign economic capital and credit limits for counterparty credit exposures

The Bank currently does not assign economic capital for its counterparty credit exposures. The Bank has adopted a methodology of computing economic capital within the framework of Individual Capital Adequacy Assessment Process (ICAAP) and assesses the economic capital requirement within this framework. The Bank is adequately capitalised in terms of projected growth for the next three years and has sufficient capital buffer to account for Pillar II risks.

Policies for securing collateral and establishing credit reserves

The Bank has a policy framework through its Credit Risk Management policy and Collateral Management Policy which stipulates the eligible credit risk mitigants and management thereof. The Bank has adopted the Comprehensive Approach as suggested by RBI, which allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. Under this approach, the Bank takes eligible financial collateral on an account-by-account basis, to reduce the credit exposure to counterparty while calculating the capital requirements to take account of the risk mitigating effect of the collateral. The Bank also has a well-defined NPA management & recovery policy for establishing credit reserves on a prudential basis apart from being in consonance with the regulatory guidelines.

Policies with respect to wrong-way risk exposures

Wrong way risk associated with counterparty credit exposures can be of two types – General i.e. when the PD of counterparties is positively correlated with general market risk factors and Specific i.e. when the exposure to a particular counterparty and the PD of the counterparty providing credit risk mitigation for the exposure are highly correlated. The Bank currently does not have a complete policy framework to address the wrong way risk. In the interim, the general wrong way risk is taken care of through monitoring of concentration of counterparty credit exposures on account of derivatives. Also as per the credit risk management policy, collaterals whose values have a material positive correlation with the credit quality of the borrower is likely to provide little or no credit protection during stress, are not recognized for credit enhancement, thus mitigating any specific wrong way risk.

Impact of the amount of collateral the Bank would have to provide given a credit rating downgrade

The Bank currently assesses the liquidity impact and related costs of a possible downgrade as part of the bank-wide stress testing exercise. The Bank has already adopted Credit Value Adjustment (CVA) based on the regulatory guidelines on the asset side for capital computation purposes. The current regulatory guidelines do not require estimation of changes in collateral requirement in case of a likely rating downgrade of a Bank and the Bank also does not make such an assessment currently. However, the Bank is in the process of developing an internal methodology to estimate the changes in liabilities to counterparties in the event of its rating downgrade.

Quantitative Disclosures

(₹ in millions)

Particulars	IRS/CCS/FRA	OPTIONS
Gross Positive Fair Value of Contracts	54,775	9,867
Netting Benefits	-	-
Netted Current Credit Exposure	54,775	9,867
Collateral held (e.g. Cash, G-sec, etc.)	-	-
Net Derivatives Credit Exposure	54,775	9,867
Exposure amount (under CEM)	167,689	17,925
Notional value of Credit Derivative hedges	-	-
Credit derivative transactions that create exposures to CCR	-	-

XI. COMPOSITION OF CAPITAL

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	171,638		A1 + A2
2	Retained earnings	348,603		B1+B2+B3+ B4+B5+B6- B7
3	Accumulated other comprehensive income (and other reserves)	-		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
	Public sector capital injections grandfathered until 1 January 2018	-		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		

AXIS BANK

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
6	**Common Equity Tier 1 capital before regulatory adjustments**	**520,241**		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	1,966		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
10	Deferred tax assets	-		
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	222	56	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences(amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments(26a+26b+26c+26d)	-		
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	-		

AXIS BANK

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	*of which:* Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	**Total regulatory adjustments to Common equity Tier 1**	**2,188**		
29	**Common Equity Tier 1 capital (CET 1)**	**518,053**		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	2,802		C1
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	*of which: instruments issued by subsidiaries subject to phase out*	-		
36	**Additional Tier 1 capital before regulatory adjustments**	**2,802**		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	279	70	

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: DTA	-		
	of which:[INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	**279**		
44	**Additional Tier 1 capital (AT1)**	**2,523**		
44a	**Additional Tier 1 capital reckoned for capital adequacy**	**2,523**		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**520,576**		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	23,500		C2
47	Directly issued capital instruments subject to phase out from Tier 2	69,432		C2
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	*of which: instruments issued by subsidiaries subject to phase out*	-		
50	Provisions	22,396		D1+D2+D3 +D4
51	**Tier 2 capital before regulatory adjustments**	**115,328**		

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	104	26	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which:[INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which:[INSERT TYPE OF ADJUSTMENT]			
57	**Total regulatory adjustments to Tier 2 capital**	**104**		
58	**Tier 2 capital (T2)**	**115,224**		
58a	**Tier 2 capital reckoned for capital adequacy**	115,224		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	115,224		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**635,800**		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	285		
	of which: [INSERT TYPE OF ADJUSTMENT]			
	Of which: …			
60	**Total risk weighted assets (60a + 60b + 60c)**	**4,125,114**		
60a	*of which: total credit risk weighted assets*	3,458,671		
60b	*of which: total market risk weighted assets*	301,172		
60c	*of which: total operational risk weighted assets*	365,271		

AXIS BANK

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.56%		
62	Tier 1 (as a percentage of risk weighted assets)	12.62%		
63	Total capital (as a percentage of risk weighted assets)	15.41%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.125%		
65	*of which: capital conservation buffer requirement*	0.625%		
66	*of which: bank specific countercyclical buffer requirement*	-		
67	*of which: G-SIB buffer requirement*	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	24,442		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	19,682		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	22,396		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	43,233		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
Capital instruments subject to phase-out arrangement (only applicable between March 31, 2017 and March 31, 2022)				

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
80	*Current cap on CET1 instruments subject to phase out arrangements*	*NA*		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	*NA*		
82	*Current cap on AT1 instruments subject to phase out arrangements*	*NA*		
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	*NA*		
84	*Current cap on T2 instruments subject to phase out arrangements*	*NA*		
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	*NA*		

* NA – Not Applicable

Notes to the Template

Row No. of the template	Particular	(Rs. in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of the bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	22,396
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	22,396

XII. THE RECONCILIATION OF REGULATORY CAPITAL ITEMS AS ON 31st MARCH 2016 IS GIVEN BELOW:

Step 1 **(₹ in millions)**

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
A	**Capital and Liabilities**		
I	Paid-up Capital	4,766	4,766
	Reserves & Surplus	530,822	530,822
	Minority Interest	390	390
	Total Capital	**535,978**	**535,978**
II	Deposits	3,583,022	3,583,022
	of which: Deposits from banks	120,718	120,718
	of which: Customer deposits	3,462,304	3,462,304
III	Borrowings	1,044,937	1,044,937
	i. Borrowings in India	404,003	404,003
	(a) From RBI	-	-
	(b) From banks	22,838	22,838
	(c) From other institutions & agencies	381,165	381,165
	ii. Borrowings Outside India	640,934	640,934
	of which: Capital Instruments	145,482	145,482
IV	Other liabilities & provisions	156,395	156,395
	Total	**5,320,332**	**5,320,332**
B	**Assets**		
I	Cash and balances with Reserve Bank of India	223,612	223,612
	Balance with banks and money at call and short notice	113,416	113,416
II	Investments	1,218,808	1,218,808
	of which:		
	Government securities	871,518	871,518
	Shares	12,644	12,644
	Debentures & Bonds	240,595	240,595
	Subsidiaries / Joint Ventures / Associates	-	-
	Others (Commercial Papers, Mutual Funds etc.)	94,051	94,051
III	Loans and advances	3,446,633	3,446,633
IV	Fixed assets	35,738	35,738
V	Other assets	282,125	281,125
	of which:		
	Goodwill and intangible assets	-	-
	Deferred tax assets (Net)	19,682	19,682
VI	Goodwill on consolidation	-	-
VII	Debit balance in Profit & Loss account	-	-
	Total Assets	**5,320,332**	**5,320,332**

Step 2 **(₹ in millions)**

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
A	**Capital and Liabilities**			
I	**Paid-up Capital**	**4,766**	**4,766**	A1
	Reserves & Surplus	**530,822**	**530,822**	-
	of which:			
	Statutory Reserve	105,872	105,872	B1
	Share Premium	166,872	166,872	A2
	Investment Reserve Account	872	872	D1
	General Reserve	3,795	3,795	B2
	Capital Reserve	11,101	11,101	B3
	Foreign Currency Translation Reserve	1,716	1,716	
	*of which:*considered under capital funds	-	1,287	B4
	Reserve Fund	567	567	B5
	Balance in Profit/Loss A/c	240,027	240,027	B6
	of which: proposed dividend	14,046	14,046	B7
	Minority Interest	**390**	**390**	**-**
	of which: amount eligible for CET I	-	-	-
	Total Capital	**535,978**	**535,978**	-
II	**Deposits**	**3,583,022**	**3,583,022**	-
	of which:			
	Deposits from banks	120,718	120,718	-
	Customer deposits	3,462,304	3,462,304	-
III	**Borrowings**	**1,044,937**	**1,044,937**	-
	i. Borrowings in India	404,003	404,003	-
	(a) From RBI	-	-	-
	(b) From banks	22,838	22,838	-
	(c) From other institutions & agencies	381,165	381,165	-
	ii. Borrowings Outside India	640,934	640,934	-
	of which: Capital Instruments	145,482	145,482	
	of which:			
	(a) Eligible AT1 capital	-	2,802	C1
	(b) Eligible Tier 2 capital	-	92,932	C2
IV	**Other liabilities & provisions**	**156,395**	**156,395**	-
	of which:			
	Provision for Standard Advances	20,139	20,139	D2
	Provision for Unhedged Foreign Currency Exposure	1,352	1,352	D3
	Total	**5,320,332**	**5,320,332**	
B	**Assets**			
I	Cash and balances with Reserve Bank of India	223,612	223,612	-

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
	Balance with banks and money at call and short notice	113,416	113,416	-
II	**Investments**	1,218,808	1,218,808	-
	of which:			
	Government securities	871,518	871,518	-
	Shares	12,644	12,644	-
	Debentures & Bonds	240,595	240,595	-
	Subsidiaries / Joint Ventures / Associates	-	-	-
	Others (Commercial Papers, Mutual Funds etc.)	94,051	94,051	-
III	**Loans and advances**	**3,446,633**	**3,446,633**	-
	floating provision adjusted in loans & advances	33	33	D4
IV	**Fixed assets**	35,738	35,738	-
V	**Other assets**	282,125	282,125	-
	of which:			
	Goodwill and intangible assets	-	-	-
	Deferred tax assets (Net)	19,682	19,682	
VI	**Goodwill on consolidation**	-	-	-
VII	**Debit balance in Profit & Loss account**	-	-	-
	Total Assets	**5,320,332**	**5,320,332**	-

XIII. MAIN FEATURES OF REGULATORY CAPITAL

The main features of equity capital are given below:

Sr. No.	Particulars	Equity
1	Issuer	Axis Bank Ltd.
2	Unique identifier	ISIN: INE238A01026
3	Governing law(s) of the instrument	Indian Laws
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier I
5	Post-transitional Basel III rules	Common Equity Tier I
6	Eligible at solo/group/ group & solo	Solo & Group
7	Instrument type	Common Shares
8	Amount recognised in regulatory capital (as of most recent reporting date)	₹ 4,766 millions
9	Par value of instrument	₹ 2 per share
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	Various*

Sr. No.	Particulars	Equity
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-Cumulative
23	**Convertible or non-convertible**	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	**Write-down feature**	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual Debt Instruments
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

*Various dates of issuance of equity are as follows:

8th December 1993, 2nd April 1994, 28th September 1994, 26th October 1994, 23rd October 1998, 31st December 2001, 28th March 2002, 30th March 2002, 28th March 2003, 21st March 2005, 25th April 2005, 27th July 2007, 24th September 2009, 20th October 2012, 4th February 2013.

The main features of Tier - 1 capital instruments are given below:

Sr. No.	Particulars	Series 12	$ 46 Million Hybrid Tier I Notes
1	Issuer	Axis Bank Ltd.	Axis Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE238A08252	XS0274732295

Sr. No.	Particulars	Series 12	$ 46 Million Hybrid Tier I Notes
3	Governing law(s) of the instrument	Indian Laws	English laws and Indian laws.
	Regulatory treatment		
4	Transitional Basel III rules	Additional Tier 1	Additional Tier I
5	Post-transitional Basel III rules	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo & Group	Solo & Group
7	Instrument type	Perpetual Debt	Perpetual Debt
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹2,140 million	₹3,048 million
9	Par value of instrument	₹ 2,140 million and each debenture of ₹ 1 million	$ 46 Million and $0.1 million per Note
10	Accounting classification	Liability	Liability
11	Original date of issuance	30th September 2006	15th November 2006
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Optional call date: 30th September 2016 Contingent Call Dates: NA Redemption at par	Optional Call Date: 16th November 2016 Contingent call dates: NA Redemption At Par
16	Subsequent call dates, if applicable	Every interest payment date after 30th September 2016	16th May & 16th November in each year commencing 16th November 2016
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed	Fixed to Floating
18	Coupon rate and any related index	10.05% p.a. payable semi-annually from issue date till the first call option date 30th September, 2016 and if the Bank does not exercise the call option, 100 bps over and above coupon rate of 10.05% i.e. 11.05 % semi-annual from 30th September, 2016	7.167% p.a., payable semi-annually from issue date till first call option date 16th November 2016 and If Issue is not called, floating rate provision applicable in respect of the period from (and including) the first optional redemption date. Reference rate : 6 Month $ LIBOR, Margin : 3% p.a.
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	Yes	Yes
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative

Sr. No.	Particulars	Series 12	$ 46 Million Hybrid Tier I Notes
23	**Convertible or non-convertible**	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	**Write-down feature**	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The claims of the investors in these Debentures shall be subordinate to the claims of all creditors including all claims, liabilities and investments forming a part of our Tier II capital, from time to time	Claims in respect of the Hybrid Tier I Notes will rank (i) pari passu and without preference among themselves (ii) pari passu with claims of creditors of the Issuer which are subordinated so as to rank pari passu with claims in respect of the Hybrid Tier I Notes and (iii) in priority to the rights and claims of holders of the equity shares of the Issuer.
36	Non-compliant transitioned features	Yes	Yes
37	If yes, specify non-compliant features	Step Up, No Basel III Loss Absorbency	No Basel III Loss Absorbency

The main features of Upper Tier - 2 capital instruments are given below:

Sr. No.	Particulars	Series 13	Series 14	$60 Million Subordinated Notes	$ 150 Million Subordinated Notes
1	Issuer	Axis Bank Ltd.	Axis Bank Ltd.	Axis Bank Ltd.	Axis Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE238A08260	INE238A08278	XS0308100667	XS0264045419

Sr. No.	Particulars	Series 13	Series 14	$60 Million Subordinated Notes	$ 150 Million Subordinated Notes
3	Governing law(s) of the instrument	Indian Laws	Indian Laws	English laws and Indian laws	English laws and Indian laws
	Regulatory treatment				
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible	Ineligible
6	Eligible at solo/group/ group & solo	Solo & Group	Solo & Group	Solo & Group	Solo & Group
7	Instrument type	Upper Tier II	Upper Tier II	Upper Tier II	Upper Tier II
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹2,000 million	₹1,075 million	₹3,974 million	₹9,937 million
9	Par value of instrument	₹ 2,000 Million and each debenture of ₹ 1 million	₹ 1,075 Million and each debenture of ₹ 1 million	$ 60 Million and $ 0.1 Million per note and integral multiples of $ 1,000 in excess thereof, up to and including $ 199,000	$ 150 Million and $ 0.1 Million per Note
10	Accounting classification	Liability	Liability	Liability	Liability
11	Original date of issuance	24th Nov 2006	6th Feb 2007	28th Jun 2007	11th Aug 2006
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	24th Nov 2021	6th Feb 2022	The Interest Payment Date falling in or nearest to June 2022	The Interest Payment Date falling in August 2021
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes

Sr. No.	Particulars	Series 13	Series 14	$60 Million Subordinated Notes	$ 150 Million Subordinated Notes
15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 24th November 2016 Contingent call dates: NA Redemption At Par	Optional Call Date: 6th February 2017 Contingent call dates: NA Redemption At Par	Optional Call Date: The Interest Payment Date falling in or nearest to 28 June 2017 Contingent call dates: NA Redemption At Par	Optional Call Date: The Interest Payment Date falling in August 2016 Contingent call dates: NA Redemption At Par
16	Subsequent call dates, if applicable	NA	NA	Each interest payment date from and including the interest payment date falling in or nearest to 28 June 2017, up to and including the interest payment date falling in or nearest to 28 Dec 2021	NA
	Coupons / dividends				
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed to floating	Fixed
18	Coupon rate and any related index	9.35% p.a. payable annually from issue date till the first call option date 24thNovember 2016 and if the call option is not exercise by the bank then 50 bps over and above coupon rate of 9.35% i.e. 9.85% p.a. payable annually from 24th November 2016	9.50% p.a. payable annually from issue date till the first call option date 6th February 2017 and if the call option is not exercise by the bank then100 bps over and above coupon rate of 9.50% i.e. 10.50% p.a. payable annually from 6th February 2017	7.125 % p.a, payable semi annually from issue date till the first call option date and if issue is not called then floating rate provision applicable from & including 28 June 2017 to but excluding the maturity date. Reference rate : 6Month $ LIBOR, Margin : 2.45% p.a.	7.25 % p.a, payable semi annually from issue date till the first call option date and if issue is not called then the rate of interest applicable in respect of interest accruing from (and including) the optional redemption date to the maturity date shall be the Reset Rate (UST + 3.315% as defined in the pricing supplement)

Sr. No.	Particulars	Series 13	Series 14	$60 Million Subordinated Notes	$ 150 Million Subordinated Notes
19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	Yes	Yes	Yes	Yes
22	Noncumulative or cumulative	Non-Cumulative	Non-Cumulative	Non-cumulative	Non-cumulative
23	**Convertible or non-convertible**	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA
30	**Write-down feature**	No	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA
35	Position in subordination	Debentures shall be subordinate to the claims of all creditors		The claims of the holders of Subordinated Notes and any relative	

Sr. No.	Particulars	Series 13	Series 14	$60 Million Subordinated Notes	$ 150 Million Subordinated Notes
	hierarchy in liquidation (specify instrument type immediately senior to instrument)	including Lower Tier II Debentures.		Receipts and Coupons pursuant thereto will be subordinated in right of payment to the claims of all other creditors (other than claims of holders of Subordinated Indebtedness ranking equal to or lower than the claims of the holders of Subordinated Notes and any relative Receipts and Coupons, if any) of the Issuer.	
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	Step up; No Basel III Loss Absorbency	Step up; No Basel III Loss Absorbency	No Basel III Loss Absorbency	No Basel III Loss Absorbency

AXIS BANK

The main features of Subordinated debt capital instruments are given below:

Sr. No.	Particulars	SERIES 11(ii) Option II	SERIES 15	SERIES 16	SERIES 17	SERIES 18	SERIES 19	SERIES 20	SERIES 21	SERIES 22	SERIES 23
1	Issuer	Axis Bank Ltd	Axis Bank Ltd	Axis Bank Ltd	Axis Bank Ltd.	Axis Bank Ltd	Axis Bank Ltd	Axis Bank Ltd	Axis Bank Ltd	Axis Bank Ltd	Axis Bank Ltd
2	Unique identifier	INE238A08245	INE238A08286	INE238A08294	INE238A08302	INE238A08310	INE238A08328	INE238A08336	INE238A08344	INE238A08369	INE238A08377
3	Governing law(s) of the instrument	Indian Laws	Indian Laws	Indian Laws	Indian Laws	Indian Laws	Indian Laws	Indian Laws	Indian Laws	Indian Laws	Indian Laws
	Regulatory treatment										
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Tier 2	Tier 2
6	Eligible at solo/group/ group & solo	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group
7	Instrument type	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments	Tier 2 Instruments
8	Amount recognised in regulatory capital	NIL	NIL	₹6,000Mn	₹800Mn	₹12,000Mn	₹15,000Mn	₹19,250Mn	₹25,000Mn	₹8,500Mn	₹15,000Mn
9	Par value of instrument	₹ 1,049 million and each debenture of ₹ 1 million	₹ 2,509 million and each debenture of ₹ 1 million	₹ 15,000 million and each debenture of ₹ 1 million	₹ 2,000 million and each debenture of ₹ 1 million	₹ 20,000 million and each debenture of ₹ 1 million	₹ 15,000 million and each debenture of ₹ 1 million	₹ 19,250 million and each debenture of ₹ 1 million	₹ 25,000 million and each debenture of ₹ 1 million	₹ 8,500 million including ₹ 500 million of Green Shoe Option and each	₹ 15,000 million and each debenture of ₹ 1 million

Sr. No.	Particulars	SERIES 11(ii) Option II	SERIES 15	SERIES 16	SERIES 17	SERIES 18	SERIES 19	SERIES 20	SERIES 21	SERIES 22	SERIES 23
										debenture of ₹ 1 million	
10	Accounting classification	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
11	Original date of issuance	28th Jun 2006	30th Mar 2007	7th Nov 2008	28th Mar 2009	16th Jun 2009	1st Dec 2011	20th Mar 2012	31st Dec 2012	12th Feb 2015	30th Sep 2015
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	28th Jun 2016	30th Mar 2017	7th Nov 2018	28th Mar 2019	16th Jun 2019	1st Dec 2021	20th Mar 2022	31st Dec 2022	12th Feb 2025	30th Sep 2025
14	Issuer call subject to prior supervisory approval	No	No	No	No	No	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	No	No	No	No	No	No	No	No	No	No
16	Subsequent call dates, if applicable	No	No	No	No	No	No	No	No	No	No

Sr. No.	Particulars	SERIES 11(ii) Option II	SERIES 15	SERIES 16	SERIES 17	SERIES 18	SERIES 19	SERIES 20	SERIES 21	SERIES 22	SERIES 23
	Coupons / dividend										
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	9.10% p.a. payable annually	10.10% p.a. payable annually	11.75% p.a. payable annually	9.95% p.a. payable annually	9.15% p.a. payable annually	9.73% p.a. payable annually	9.30% p.a. payable annually	9.15% p.a. payable annually	8.45% p.a. payable annually	8.50% p.a. payable annually
19	Existence of a dividend stopper	No	No	No	No	No	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	**Convertible or non-convertible**	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Sr. No.	Particulars	SERIES 11(ii) Option II	SERIES 15	SERIES 16	SERIES 17	SERIES 18	SERIES 19	SERIES 20	SERIES 21	SERIES 22	SERIES 23
	trigger(s)										
25	If convertible, fully or partially	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
30	Write-down feature	No	No	No	No	No	No	No	No	Yes	Yes
31	If write-down, write-	NA	NA	NA	NA	NA	NA	NA	NA	PONV Trigger	PONV Trigger

Sr. No.	Particulars	SERIES 11(ii) Option II	SERIES 15	SERIES 16	SERIES 17	SERIES 18	SERIES 19	SERIES 20	SERIES 21	SERIES 22	SERIES 23
	down trigger(s)										
32	If write-down, full or partial	NA	NA	NA	NA	NA	NA	NA	NA	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	NA	NA	NA	NA	NA	NA	NA	NA	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Pari-passu among themselves and with other subordinated indebtedness of UTI Bank Ltd., and subordinate to the claims of all other unsecured creditors and depositors of UTI Bank Ltd., as regards repayment of principal and interest by the Issuer.					Pari-passu among themselves and subordinate to the claims of all other unsecured creditors and depositors of Axis Bank Ltd., as regards repayment of principal and interest by the Issuer.		The claims of debenture holder(s) shall be (i) senior to the claims of investors in instruments eligible for inclusion in Tier I capital of the Bank and (ii)subordinate to the claims of all depositors and general creditors of the Bank.		
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
37	If yes, specify non-compliant features	No Basel III Loss Absorbency	No Basel III Loss Absorbency	No Basel III Loss Absorbency	No Basel III Loss Absorbency	No Basel III Loss Absorbency	No Basel III Loss Absorbency	No Basel III Loss Absorbency	No Basel III Loss Absorbency	NA	NA

XIV. FULL TERMS & CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS

The full terms and conditions of all instruments included in the regulatory capital are as below:

Sr. No.	Capital Type	Instruments	Full Terms and Conditions (Term Sheets & Offer Circular)
1	**Equity**	Equity	Click Here
2	**Tier 1**	Series 12	Click Here
3		$ 46 million Hybrid Tier I Notes	Click Here
4	**Upper Tier 2**	Series 13	Click Here
5		Series 14	Click Here
6		$ 60 million Subordinated Notes	Click Here
7		$ 150 Million Subordinated Notes	Click Here
10	**Subordinated Debts**	Series - 11(Tranch II) Option II	Click Here
11		Series – 15	Click Here
12		Series – 16	Click Here
13		Series – 17	Click Here
14		Series – 18	Click Here
15		Series – 19	Click Here
16		Series – 20	Click Here
17		Series – 21	Click Here
18		Series – 22	Click Here
19		Series – 23	Click Here

XV. **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 organization 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 organization 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 categorized 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.

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 annualized 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 organization. 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.

- **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

AXIS BANK

- **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.

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	31March, 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#**	Fixed - ₹32.72 crores
		Variable - ₹11.79 crores*	Variable - ₹12.01 crores
		Deferred - ₹1.04 crores	Deferred - ₹0.90 crores
		Non-deferred - ₹10.75 crores*	Non-deferred - ₹11.11 crores

		31 March, 2016	31March, 2015
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 years 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**	-

AXIS BANK

XVI. EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS

The risk oversight relating to the equity portfolio is part of the overall independent risk management structure of the Bank and is subjected to the risk management processes and policies approved by the Bank.

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 categorized as HTM in accordance with the RBI guidelines. All other investments are classified as AFS securities.

Equity investments carried under the HTM category are carried at acquisition cost. 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.

The Bank does not have any equity under the Banking Book.

XVII. COMPARISION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURE MEASURE AS ON 31ST MARCH 2016

(₹ in millions)

Particulars	**Amount**
Total consolidated assets as per published financial statements	5,320,332
Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purpose but outside the scope of regulatory consolidation	-
Adjustments for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
Adjustments for derivative financial instruments	185,614
Adjustment for securities financing transactions(i.e. repos and similar secured lending)	-
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	741,024
Other adjustments	(501)
Leverage ratio exposure	6,246,469

XVIII. LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE AS ON 31ST MARCH 2016

(₹ in millions)

	Particulars	Leverage ratio framework
	On-balance sheet exposures	
1	On-balance sheet items(excluding derivatives and SFTs, but including collateral)	5,279,147
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(501)
3	**Total on-balance sheet exposures**(excluding derivatives and SFTs)(sum of lines 1 and 2)	5,278,646
	Derivative Exposures	
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin)	64,642
5	Add-on amounts for PFE associated with *all* derivatives transactions	120,972
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	185,614
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	41,185
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR Exposure for SFT Assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**41,185**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	2,165,445
18	(Adjustments for conversion to credit equivalent amounts)	(1,424,421)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**741,024**
	Capital and total exposures	
20	**Tier 1 capital**	**520,576**
21	**Total exposures (sum of lines 3,11,16 and 19)**	**6,246,469**
	Leverage Ratio	
22	**Basel III leverage ratio**	**8.33%**