Standard Chartered Bank – India Branches

(Incorporated in the United Kingdom with limited liability)

Independent Auditors' Report

To the Chief Executive Officer
Standard Chartered Bank – India Branches

Report on the Financial Statements

We have audited the accompanying financial statements of Standard Chartered Bank – India branches ('the Bank'), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Bank including its branches in accordance with the Standards on Auditing ('the Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the relevant requirements of the Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2017, its profit and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014.

As required by sub section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

(c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit, we have visited 18 branches.

Further, as required by Section 143 (3) of the Companies Act, 2013, we further report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

(c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;

(e) the requirements of Section 164(2) of the Act are not applicable considering the Bank is a branch of Standard Chartered Bank, which is incorporates and registered in United Kingdom;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

  (i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 5 and schedule 18(E) (1) (xxxvii) to the financial statements;

  (ii) the Bank has made provisions, as required under the applicable law or accounting standards, for material forseeable losses, if any, on long term contracts including derivative contracts - refer Schedule 5 and schedule 18(E) (1) (xxxvii) to the financial statements;

  (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank; and

  (iv) as referred in Note 18 (E) (12) of the financial statements, the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2017 as envisaged in notification GSR 308(E) dated 30 March 2016 issued by the Ministry of Corporate Affairs, is not applicable to the Bank.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-
Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
26 May 2017

Annexure A to the Independent Auditor's Report of even date on financial statements of Standard Chartered Bank – India Branches

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Standard Chartered Bank – India branches ('the Bank') as at 31 March 2017 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-
Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
26 May 2017

Standard Chartered Bank – India Branches

(Incorporated in the United Kingdom with limited liability)

Standard Chartered

Balance Sheet as at 31 March 2017

	Schedule	As at 31 March 2017 (₹ in 000s)	As at 31 March 2016 (₹ in 000s)
Capital and Liabilities			
Capital	1	74,400,742	74,400,742
Reserves and Surplus	2	189,474,200	172,576,649
Deposits	3	801,157,860	751,930,663
Borrowings	4	122,819,694	104,529,104
Other Liabilities and Provisions	5	262,035,643	195,181,986
Total Capital and Liabilities		**1,449,888,139**	**1,298,619,144**
Assets			
Cash and Balances with Reserve Bank of India	6	38,712,860	31,276,881
Balances with Banks and Money at Call and Short Notice	7	53,817,177	38,663,457
Investments	8	364,204,546	339,096,587
Advances	9	686,292,740	665,360,424
Fixed Assets	10	14,172,114	14,233,713
Other Assets	11	292,688,702	209,988,082
Total Assets		**1,449,888,139**	**1,298,619,144**
Contingent Liabilities	12	16,068,625,748	16,432,880,576
Bills for Collection		293,915,685	287,542,902
Significant accounting policies and notes to financial statements	18		

The accompanying schedules form an integral part of the Balance Sheet

Profit and Loss Account for the year ended 31 March 2017

	Schedule	For the year ended 31 March 2017 (₹ in 000s)	For the year ended 31 March 2016 (₹ in 000s)
Income			
Interest Earned	13	96,103,296	100,190,993
Other Income	14	26,574,977	19,934,803
Total Income		**122,678,273**	**120,125,796**
Expenditure			
Interest Expended	15	42,393,514	41,540,669
Operating Expenses	16	31,243,024	29,175,223
Provisions and Contingencies	17	24,637,411	39,344,869
Total Expenditure		**98,273,949**	**110,060,761**
Net Profit		**24,404,324**	**10,065,035**
Profit brought forward		**7,433,368**	**22,573,500**
Total		**31,837,692**	**32,638,535**
Appropriations			
Transfer to Statutory Reserve	2	6,101,081	2,516,259
Transfer to Capital Reserves-Surplus on sale of immovable properties	2	–	115,408
Transfer to/(from) Investment Reserve	2	149,053	(45,765)
Transfer to Head Office Account		7,433,368	22,573,500
Remittable Surplus retained in India for CRAR	2	–	45,765
Balance carried over to Balance Sheet	2	18,154,190	7,433,368
Total		**31,837,692**	**32,638,535**
Significant accounting policies and notes to financial statements	18		

The accompanying schedules form an integral part of the Profit & Loss Account

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-
Manoj Kumar Vijai
Partner
Membership No. 046882

Mumbai
26 May 2017

For Standard Chartered Bank – India Branches

Sd/-
Zarin Daruwala
Chief Executive Officer – India

Sd/-
Subhradeep Mohanty
Chief Financial Officer – India

Standard Chartered

Standard Chartered Bank – India Branches

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Cash Flow Statement for the year ended 31 March 2017

Particulars		For the year ended 31 March 2017 (₹ in 000s)	For the year ended 31 March 2016 (₹ in 000s)
Cash flow from operating activities			
Profit Before Tax		38,389,982	11,218,405
Adjustments for:			
Depreciation on Bank's property (including amortisation)		722,633	817,576
Surplus on Revaluation of Premises		(256,250)	–
Specific provisions against advances (net)		9,526,601	38,096,291
General provision against standard assets		(289,838)	(325,732)
(Appreciation) / depreciation on investments		1,322,667	126,690
Other Provisions		5,362	401,794
Net profit on sale of premises and other assets		(20,115)	(171,799)
Write off of fixed assets		1,424	–
		49,402,466	**50,163,225**
Adjustments for:			
(Increase)/decrease in investments		(26,430,627)	(7,003,755)
(Increase)/decrease in advances		(30,458,918)	(19,436,517)
(Increase)/decrease in other assets		(79,614,593)	764,482
Increase/(decrease) in deposits		49,227,197	23,448,163
Increase/(decrease) in other liabilities and provisions		67,138,133	(6,838,028)
		29,263,658	**41,097,570**
Direct taxes paid		(17,071,685)	(16,390,927)
Net Cash flow from/(used in) operating activities	**(A)**	**12,191,973**	**24,706,643**
Cash flow from investing activities			
Purchase of fixed assets (including capital work in progress)		(501,823)	(488,193)
Proceeds from the sale of fixed assets		42,327	447,639
Net Cash flow from/(used in) investing activities	**(B)**	**(459,496)**	**(40,554)**
Cash flow from financing activities			
Remittance to Head Office		(7,433,368)	(22,573,500)
Increase/(decrease) in borrowings		18,290,590	(22,955,350)
Net Cash flow from/(used in) financing activities	**(C)**	**10,857,222**	**(45,528,850)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**22,589,699**	**(20,862,761)**
Cash and cash equivalents at the beginning of the year		69,940,338	90,803,099
Cash and cash equivalents at the end of the year		92,530,037	69,940,338
Net increase/(decrease) in cash and cash equivalents		**22,589,699**	**(20,862,761)**

Note: Cash and Cash Equivalents represent

	Schedule	As at 31 March 2017	As at 31 March 2016
Cash and Balances with the Reserve Bank of India	6	38,712,860	31,276,881
Balances with Banks and Money at call and short notice	7	53,817,177	38,663,457
Total		**92,530,037**	**69,940,338**

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-
Manoj Kumar Vijai
Partner
Membership No. 046882

Mumbai
26 May 2017

For Standard Chartered Bank – India Branches

Sd/-
Zarin Daruwala
Chief Executive Officer – India

Sd/-
Subhradeep Mohanty
Chief Financial Officer – India

Standard Chartered Bank – India Branches

(Incorporated in the United Kingdom with limited liability)

Standard Chartered

Schedules to the financial statements

		As at 31 March 2017 (₹ in 000s)	As at 31 March 2016 (₹ in 000s)
1.	**Capital**		
	Deposit kept with Reserve Bank of India under Section 11(2)(b) of the Banking Regulation Act, 1949	63,650,000	61,800,000
a.	**Head office reserves**		
	Balance, beginning of the year	21,960	21,960
	Balance, end of the year	**21,960**	**21,960**
b.	**Head Office Capital**		
	Balance, beginning of the year	74,378,782	74,378,782
	Additions during the year	–	–
	Balance, end of the year	**74,378,782**	**74,378,782**
	Total capital	**74,400,742**	**74,400,742**
2.	**Reserves and Surplus**		
a.	**Statutory Reserves**		
	Balance, beginning of the year	67,802,696	65,286,437
	Transfer from Profit and Loss Account	6,101,081	2,516,259
	Balance, end of the year	**73,903,777**	**67,802,696**
b.	**Property Revaluation Reserve**		
	Balance, beginning of the year	5,841,870	6,075,908
	Additions during the year	–	–
	Reduction during the year	(73,405)	–
	Transfer to Capital Reserves-Surplus on sale of immovable properties	–	(234,038)
	Balance, end of the year	**5,768,465**	**5,841,870**
c.	**Capital Reserves-Surplus on sale of Immovable Properties**		
	Balance, beginning of the year	9,775,689	9,426,243
	Additions during the year	–	115,408
	Transfer from Property Revaluation Reserve	–	234,038
	Balance, end of the year	**9,775,689**	**9,775,689**
d.	**Capital Reserves-Surplus on sale of Held To Maturity Investments**		
	Balance, beginning of the year	984,772	984,772
	Balance, end of the year	**984,772**	**984,772**
e.	**Capital Reserve**		
	Balance, beginning of the year	302,387	302,387
	Balance, end of the year	**302,387**	**302,387**
f.	**Remittable Surplus Retained in India for Capital to Risk-weighted Assets Ratio (CRAR)**		
	Balance, beginning of the year	79,220,364	79,174,599
	Transfer from Profit and Loss Account	–	45,765
	Balance, end of the year	**79,220,364**	**79,220,364**
g.	**Balance in Profit and Loss Account**	**18,154,190**	**7,433,368**
h.	**Exchange Reserve**		
	Balance, beginning of the year	1,229	1,229
	Balance, end of the year	**1,229**	**1,229**
i.	**Property Investment Reserve**		
	Balance, beginning of the year	206,923	206,923
	Balance, end of the year	**206,923**	**206,923**

		As at 31 March 2017 (₹ in 000s)	As at 31 March 2016 (₹ in 000s)
j.	**Investment Reserve**		
	Balance, beginning of the year	1,007,351	1,053,116
	Transfer to/(from) Profit and Loss Account	149,053	(45,765)
	Balance, end of the year	**1,156,404**	**1,007,351**
	Total reserves and surplus	**189,474,200**	**172,576,649**
3.	**Deposits**		
A	I Demand deposits		
	from banks	9,004,056	8,888,978
	from others	159,682,863	162,944,892
	Total demand deposits	**168,686,919**	**171,833,870**
	II Savings bank deposits	126,875,037	106,516,898
	Total savings bank deposits	**126,875,037**	**106,516,898**
	III Term deposits		
	from banks	8,312,610	16,154,840
	from others	497,283,294	457,425,055
	Total term deposits	**505,595,904**	**473,579,895**
	Total deposits	**801,157,860**	**751,930,663**
B	I Deposits of branches in India	**801,157,860**	**751,930,663**
	II Deposits of branches outside India	–	–
	Total deposits	**801,157,860**	**751,930,663**
4.	**Borrowings**		
	I Borrowings in India from		
	(i) Reserve Bank of India	–	31,130,000
	(ii) Other banks	–	–
	(iii) Other institutions and agencies	82,449,136	51,969,447
	II Borrowings outside India	40,370,558	21,429,657
	Total borrowings	**122,819,694**	**104,529,104**
	Secured Borrowings included in I and II above	**20,449,136**	**48,099,446**
5.	**Other Liabilities and Provisions**		
	Bills payable	9,879,855	10,253,096
	Inter Office Adjustments (net)	–	–
	Interest accrued	3,632,160	12,971,588
	Mark-to-market adjustments on Foreign Exchange and Derivative contracts	209,782,415	136,642,565
	Provision against Standard Assets	9,199,268	5,672,912
	Others	29,541,945	29,641,825
	Total other liabilities and provisions	**262,035,643**	**195,181,986**
6.	**Cash and Balances with the Reserve Bank of India**		
	(i) Cash in hand (including foreign currency notes)	1,533,277	1,912,946
	(ii) Balance with Reserve Bank of India		
	(a) In Current Accounts	**37,179,583**	**29,363,935**
	(b) In Other Accounts	–	–
	Total cash and balances with the Reserve Bank of India	**38,712,860**	**31,276,881**

Standard Chartered Bank – India Branches

(Incorporated in the United Kingdom with limited liability)

Schedules to the financial statements

	As at 31 March 2017 (₹ in 000s)	As at 31 March 2016 (₹ in 000s)
7. Balances with Banks and Money at Call and Short notice		
In India		
(i) Balances with banks		
(a) In current accounts	2,891,458	1,889,216
(b) In other deposit accounts	–	290,000
(ii) Money at call and short notice		
(a) with banks	9,727,500	4,800,000
(b) with other institutions	22,387,963	12,126,711
Total (i and ii)	**35,006,921**	**19,105,927**
Outside India		
(i) In current accounts	3,246,256	2,993,780
(ii) In other deposit accounts	15,564,000	16,563,750
(iii) Money at call and short notice	–	–
Total (i, ii and iii)	**18,810,256**	**19,557,530**
Total balances with banks and money at call and short notice	**53,817,177**	**38,663,457**
8. Investments		
In India		
Government securities	304,999,034	278,072,483
Other approved securities	–	–
Shares	368,220	229,327
Debentures and bonds	19,628,053	9,888,109
Subsidiaries and/ or Joint Ventures	–	–
Others (including Certificates of Deposits, Commercial Papers and Pass Through Certificates)	39,209,239	50,906,668
Total investments	**364,204,546**	**339,096,587**
Outside India		
Government securities (including local authorities)	–	–
Subsidiaries and/or joint ventures abroad	–	–
Other Investments	–	–
Total investments	**364,204,546**	**339,096,587**
9. Advances		
a. Bills purchased and discounted	65,063,737	63,752,852
Cash credits, overdrafts and loans repayable on demand	271,406,723	275,337,333
Term loans	349,822,280	326,270,239
Total	**686,292,740**	**665,360,424**
b. Secured by tangible assets (includes advances secured against book debts)	412,082,339	411,477,413
Covered by bank/ government guarantees	23,764,469	18,590,946
Unsecured	250,445,932	235,292,065
Total	**686,292,740**	**665,360,424**
c(i). Advances in India		
Priority sector	184,898,463	197,847,166
Public sector	11,191,733	11,992,513
Banks	–	700,000
Others	490,202,544	454,820,745
Total	**686,292,740**	**665,360,424**

	As at 31 March 2017 (₹ in 000s)	As at 31 March 2016 (₹ in 000s)
c(ii). Advances Outside India		
Due from Banks	–	–
Due from Others	–	–
(a) Bills purchased and discounted	–	–
(b) Syndicated loans	–	–
(c) Others	–	–
Total	–	–
Total advances	**686,292,740**	**665,360,424**
10. Fixed Assets		
Premises		
Balance, beginning of the year	14,160,178	14,415,308
Additions during the year	–	–
Additions on account of revaluation during the year	182,846	–
Deduction on account of revaluation during the year	–	–
Deductions during the year	–	(255,130)
	14,343,024	14,160,178
Less : Depreciation to date	(1,282,761)	(1,106,182)
Net book value of Premises	**13,060,263**	**13,053,996**
Other fixed assets (including furniture and fixtures)		
Balance, beginning of the year	5,291,632	5,168,975
Additions during the year	623,538	370,422
Deduction on account of revaluation during the year	–	–
Deductions during the year (at cost)	(97,447)	(247,765)
	5,817,723	5,291,632
Less : Depreciation to date	(4,749,242)	(4,283,364)
Net book value of other fixed assets	**1,068,481**	**1,008,268**
Intangible (Capitalised Software)		
Balance, beginning of year	197,871	197,871
Additions during the year	–	–
Deductions during the year at cost	–	–
	197,871	197,871
Less: Amortisation to date	**(197,871)**	**(197,871)**
Net book value of Intangible (capitalised software)	–	–
Intangible assets/Goodwill		
Balance, beginning of the year	31,821	31,821
Additions during the year	–	–
Deductions during the year at cost	–	–
	31,821	31,821
Less: Amortisation to date	(20,153)	(13,789)
Net book value of intangible assets/Goodwill	**11,668**	**18,032**
Work In Progress	**31,702**	**153,417**
Total net book value of fixed assets	**14,172,114**	**14,233,713**

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Schedules to the financial statements

	As at 31 March 2017 (₹ in 000s)	As at 31 March 2016 (₹ in 000s)
11. Other Assets		
Inter-office adjustment (net)	–	–
Interest accrued	10,166,416	8,534,595
Tax paid in advance/TDS (net of provision for tax)	13,704,156	162,369
Deferred Tax Asset [Refer Note 18 E (7)]	38,910,855	49,629,913
Stationery and stamps	5,108	823
Mark-to-market adjustments on Foreign exchange and Derivative contracts	190,810,242	126,682,224
Non-banking assets acquired in satisfaction of claims	–	–
Others*	39,091,925	24,978,158
Total other assets	**292,688,702**	**209,988,082**

* Pursuant to RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated 16 July 2015, the Bank has included deposits placed with NABARD/ NHB/SIDBI of ₹ 16,499,662 (in '000s) (2015-16 ₹ 2,992,496 (in '000s)) in Schedule 11 - Other Assets.

	As at 31 March 2017 (₹ in 000s)	As at 31 March 2016 (₹ in 000s)
12. Contingent Liabilities		
Claims against the Bank not acknowledged as debts	13,385,219	11,204,627
Liability for partly paid investments	–	–
Liability on account of outstanding foreign exchange contracts	5,825,199,291	5,954,958,937
Liability on account of derivative contracts	9,800,997,567	10,048,945,985
Guarantees given on behalf of constituents	–	–
– in India	204,333,448	197,771,942
– outside India	75,977,376	73,251,913
Acceptances, endorsements and other obligations	127,109,739	134,559,704
Other items for which the Bank is contingently liable	21,623,108	12,187,468
Total contingent liabilities	**16,068,625,748**	**16,432,880,576**

	For the year ended 31 March 2017 (₹ in 000s)	For the year ended 31 March 2016 (₹ in 000s)
13. Interest Earned		
Interest/discount on advances/bills	67,616,098	72,402,891
Income on investments	24,644,715	24,740,079
Interest on balances with Reserve Bank of India and other inter-bank funds	3,268,728	2,879,195
Others	573,755	168,828
Total interest earned	**96,103,296**	**100,190,993**

	For the year ended March 2017 (₹ in 000s)	For the year ended March 2016 (₹ in 000s)
14. Other Income		
Commission, exchange and brokerage	14,843,471	14,693,971
Net profit/(loss) on sale of investments	6,042,073	2,841,985
Profit/(loss) on revaluation of investments	350,261	(107,544)
Net profit on sale of premises and other assets	20,117	171,799
Net profit on exchange transactions (including derivatives and long term Fx contracts)	3,518,849	1,028,148
Income by way of dividends, etc from subsidiary companies	–	–
Miscellaneous income	1,800,206	1,306,444
Total other income	**26,574,977**	**19,934,803**
15. Interest Expended		
Interest on deposits	32,551,028	32,273,465
Interest on Reserve Bank of India and inter-bank borrowings	577,081	776,163
Others	9,265,405	8,491,041
Total interest expended	**42,393,514**	**41,540,669**
16. Operating Expenses		
Payments to and provisions for employees	14,616,232	13,817,573
Rent, taxes and lighting	1,013,914	886,597
Printing and stationery	286,017	295,420
Advertisement and publicity	620,996	1,300,240
Depreciation on Bank's property	712,737	811,212
Auditors' fees and expense	9,680	9,485
Legal and professional charges	513,700	487,122
Postage, telegrams, telephones, etc.	607,381	627,725
Repairs and maintenance	850,824	742,534
Insurance	813,197	781,649
Travelling	481,576	503,049
Business support cost	6,329,169	5,622,538
Other expenditure	4,387,601	3,290,079
Total operating expenses	**31,243,024**	**29,175,223**
17. Provisions and Contingencies		
Specific provisions against advances (net)	9,526,601	38,096,291
General provision against standard assets	(289,838)	(325,732)
Provision for country risk exposure	–	–
Charge/(release) against Investments	1,672,928	19,146
Provision on account of tax		
– Current tax expense [Refer note 18 E (8)]	6,190,700	21,201,000
– Deferred tax charge/(credit) [Refer note 18 E (7)]	10,719,058	(20,047,630)
– MAT Credit Entitlement	(2,924,100)	–
Other Provisions	(257,938)	401,794
Total provisions and contingencies	**24,637,411**	**39,344,869**

Schedules to the financial statements for the year ended 31 March 2017

18. Significant accounting policies and notes to financial statements

A) Background

The accompanying financial statements for the year ended 31 March 2017 comprise the accounts of India branches of Standard Chartered Bank ('SCB' or 'the Bank'), which is incorporated with limited liability in the United Kingdom. The Bank's ultimate holding company is Standard Chartered Plc ('SCPLC'), which is incorporated in the United Kingdom.

B) Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, unless otherwise stated, and in accordance with Generally Accepted Accounting Principles ('GAAP') in India, statutory requirements of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, the Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent applicable and current practices prevailing within the banking industry in India.

The financial statements are presented in Indian Rupees rounded off to the nearest thousand, unless otherwise stated.

C) Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosures relating to the contingent liabilities reported in the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual result could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

D) Significant Accounting Policies

(1) Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI Circular DBR No BP.BC.6/21.04.141/2015-16 dated 01 July 2015.

Classification

Investments are classified as 'Held to Maturity' ('HTM') or 'Held for Trading' ('HFT') or 'Available for Sale' ('AFS') at the time of their purchase. Investments acquired by the Bank with the intention of holding up to maturity are classified as HTM. Investments acquired with the intention to trade by taking advantage of short-term price/interest rate movements and are to be sold within 90 days are classified as HFT. All other investments are classified as AFS.

The Bank follows settlement date accounting for its investments.

In the financial statements, investments in India are disclosed under six categories in Schedule 8 – Investments as per the requirements of the above circular.

Valuation

Cost of investments is determined using the weighted average cost method.

Investments classified as HTM are carried at acquisition cost. Any premium on acquisition is amortised over the remaining period till maturity on the basis of a constant yield to maturity. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Where in the opinion of management and in accordance with RBI guidelines, there is any diminution in the value of any HTM security, which is other than temporary, appropriate provisions are made.

Investments classified as AFS or HFT are marked to market as per frequency prescribed by RBI. Net depreciation for each classification in respect of any category mentioned in Schedule 8 – Investments, is recognised in the Profit and Loss Account. Net appreciation, if any, is ignored.

The mark to market value of investments in debt securities classified as HFT and AFS is determined using prices or on the basis of the base yield curve and the applicable spreads as notified by Fixed Income Money Market and Derivatives Association ('FIMMDA') jointly with Primary Dealers Association of India ('PDAI').

In line with the RBI guidance, Treasury Bills are marked to market using the Yield to Maturity (YTM) rate as published by FIMMDA.

Certificate of Deposits and Commercial Paper are valued at carrying cost including the pro rata discount accreted for the holding period.

Brokerage and commission on debt instruments paid at the time of acquisition are charged to the Profit and Loss Account. Valuations are adjusted for illiquidity; the illiquidity adjustments are based on management estimates.

Transfer between categories

Transfer of investments between categories is accounted in accordance with provisions of the above referred RBI Circular:

a) Securities transferred from AFS/HFT category to HTM category are transferred at the lower of book value or market value.
b) Securities placed under the HTM category at a discount, are transferred to AFS/HFT category at the acquisition price/book value.
c) Securities placed under the HTM category at a premium, are transferred to the AFS/HFT category at the amortised cost.
d) Securities transferred from AFS to HFT category or vice-versa, are transferred at book value and provisions held for accumulated depreciation, if any, is transferred to provisions for depreciation against the HFT securities and vice-versa.

Accounting for repos/reverse repos

In accordance with the RBI Circular FMRD.DIRD.10/14.03.002/2015-16 dated 19 May 2016, repurchase (repos) and reverse repurchase (reverse repos) are accounted as collateralised borrowing and lending. The Bank also follows the aforesaid principle to account repo and reverse repo transactions undertaken under Liquidity Adjustment Facility ('LAF').

(2) Advances

Classification and provisioning of advances of the Bank are carried out in accordance with the RBI Master Circular DBR.No.BP.BC.2/21.04.048/2015-16 dated 01 July 2015 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

D) Significant Accounting Policies *(Continued)*

(2) Advances *(Continued)*

Classification

Advances are classified into performing and non-performing advances ('NPA') based on management's periodic internal assessment and RBI's prudential norms on classification. Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by RBI.

Provisioning

Advances are stated net of specific provisions and interest in suspense. Specific provisions are made based on management's assessment of the degree of impairment of the advances and in accordance with the Bank's internal policy on specific provisioning for NPAs, subject to minimum provisioning norms laid down by the RBI.

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

The Bank maintains provision on standard advances as per the norms prescribed by RBI and based on management's periodic assessment, considering the extant environment or information relating to specific borrowers, subject to minimum prescribed in the above referred circular and discloses the same in Schedule 5 - Other Liabilities and Provisions.

(3) Securitisation (including assignment)

The Bank securitises advances to Special Purpose Vehicles ('SPV'). Securitised assets are derecognised if they are transferred to the SPV in compliance with all the conditions of true sale as prescribed in 'Guidelines on Securitisation transactions' vide circulars DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006, DBOD.No.BP.BC-103/21.04.177/2011-12 dated 07 May 2012 and DBOD.No.BP.BC- 25/21.04.177/2013-14 dated 1 July 2013 issued by the RBI. Securitisation transactions which do not meet the criteria for derecognition are accounted for as secured borrowings.

In accordance with the above referred circular, gain arising on securitisation is amortised over the life of the securities issued/to be issued by the SPV. Loss, if any, is recognised immediately in the Profit and Loss Account.

The Bank also follows the aforesaid principles to ascertain de-recognition of loans and advances through direct assignment and the gain arising upon such direct assignment is amortised over the life of the loans and advances sold. Loss, if any, is recognised immediately in the Profit and Loss Account.

In respect of credit enhancements provided or recourse obligations accepted by the Bank at the time of securitisation or direct assignment, appropriate provisions/disclosures are made in accordance with AS 29 – Provisions, Contingent Liabilities and Contingent Assets.

(4) Derivative transactions

Derivative transactions comprise forward exchange contracts, interest rate swaps, currency futures, cross currency swaps and options and are undertaken for either trading or hedging purposes.

Trading derivatives are marked to market and the resultant unrealised gain or loss is recognised in the Profit and Loss account under Schedule 14 - Other Income. Options are marked to market and unrealised gain or loss on revaluation is recorded in the Profit and Loss account. The premium received or paid is recognised in the Profit and Loss account upon expiry or exercise of the options. Valuations are adjusted for illiquidity, Credit Valuations Adjustments (CVA) based on management estimates.

Hedging transactions are undertaken by the Bank to protect the change in the fair value or the cash flow of the underlying assets or liabilities. The hedging instrument is accounted for on accrual basis except for an instrument designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the hedging instrument is marked to market with the resulting gain or loss recorded as an adjustment to the market value of the designated asset.

(5) Income recognition

Interest income on advances is recognised on accrual basis, except in case of interest on NPAs, which is recognised as income on receipt, in accordance with RBI guidelines.

Interest income on discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis. Commission on guarantees and letters of credit are recognised over the facility tenor. Fees on loans and credit cards are recognised at the inception of the transactions. Fee from management advisory services are recognised based on applicable service contracts and when the service has been rendered.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve net of tax expense and transfer to Statutory Reserves. Losses are recognised in the Profit and Loss Account in accordance with RBI guidelines.

(6) Fixed assets (including goodwill/intangibles)

Fixed assets are accounted for as per AS 10 – Accounting for Fixed Assets.

Fixed assets are stated at acquisition cost less accumulated depreciation, with the exception of premises which are revalued periodically and are stated at revalued cost less accumulated depreciation.

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as part of the cost of such assets in accordance with AS 16 - Borrowing Costs. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use.

Depreciation is provided on a straight line basis over the useful life of the asset as per the management's internal assessment, subject to maximum useful life prescribed under the Companies Act, 2013. In the case of premises, depreciation is provided on revalued cost. On disposal of revalued premises, the amount standing to the credit of revaluation reserve is transferred to Capital Reserve in accordance with RBI guidelines.

Profit on disposal of premises is recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve net of tax expense and transfer to statutory reserve. Losses are recognised in the Profit and Loss Account.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

D) Significant Accounting Policies *(Continued)*

(6) Fixed assets (including goodwill/intangibles) *(Continued)*

Fixed assets individually costing less than ₹ 250 (in 000s) are expensed in the year of purchase, except where individual assets are purchased and installed as part of the owned and leasehold improvement projects, in which case they are capitalised as improvements to property. DCR assets, User assets (Note books, Desktops, Workstations) are capitalised with 3 years' useful life and other hardware (more than or equal to ₹ 250 (in 000s)) is capitalised with 5 years' useful life. Computer software less than ₹ 25,000 (in 000s) is expensed in the year of purchase.

Software costing more than equal to ₹ 25,000 (in 000s) but less than ₹ 50,000 (in 000s) are capitalised with useful life of 3 years and anything costing more than or equal ₹ 50,000 (in 000s) is considered as significant software asset and it is capitalised with useful life of 5 years.

Goodwill and other intangibles are recognised on business acquisition and represents the difference between the price paid and the assets and liabilities acquired, which would include any identifiable intangible assets (such as customer or core deposit relationships). These are amortised on a straight-line basis over the best estimate of their useful life as determined by the management.

The depreciation rates applied on other fixed assets are as follows:

Category	Depreciation rate per annum (%)
Computers	33
Plant	20
Furniture and Fixtures (1)	20/10
Motor Vehicles	33
Electrical Installations (2)	14
Improvements to property (3)	20
Computer Software (4)	33
Goodwill/Intangibles	20

(1) Furniture and Fixtures are depreciated over the expected useful lives, subject to a maximum period of ten years. The additions from 01 April 2008 onwards are depreciated over the expected useful lives, subject to a maximum period of five years.

(2) Electrical Installations include Automated Teller Machines (ATMs) which, from 01 April 2008, are depreciated over the expected useful lives, subject to a maximum period of seven years.

(3) Improvements to owned and leasehold property are depreciated over the remaining useful life/lease period subject to a maximum period of five years.

(4) Acquisition costs and development costs are amortised over the expected useful lives, subject to a maximum period of three years.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset or net realisable value, whichever is higher. If such assets are considered to be impaired, the impairment is recognised by charging the Profit and Loss Account and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(7) Accounting for leases

Assets given/taken on lease are accounted for in accordance with provisions of AS 19 – Leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

(8) Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognised in the Profit and Loss Account.

Foreign currency contracts and forward rate agreements are revalued at the exchange rates notified by FEDAI and where exchange rates are not notified by FEDAI, are revalued at foreign exchange rates implied by swap curves. The profit or loss on revaluation is recognised in the Profit and Loss Account.

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

(9) Retirement and other employee benefits

Retirement and other employees benefits are accounted for as per AS 15 (Revised 2005) - Employee Benefits as set out below:

a) Provident fund

The Bank contributes to a recognised provident fund, which is a defined contribution scheme, for all its eligible employees. The contributions are accounted for on an accrual basis and recognised in the Profit and Loss Account.

b) Gratuity

The Bank has a gratuity scheme, which is a defined benefit plan. The Bank's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

D) Significant Accounting Policies *(Continued)*

(9) Retirement and other employee benefits *(Continued)*

The obligation is measured at present value of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

c) Superannuation

The Bank contributes to an approved superannuation fund, which is a defined contribution scheme, for all its eligible employees who have opted for the scheme. The contributions are accounted for on an accrual basis and recognised in the Profit and Loss Account.

d) Pension

The Bank has a pension scheme for its award staff, which is a defined benefit plan. The Bank's net obligation in respect of the pension benefit is calculated by estimating the amount of future benefit that the award staff have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present value of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

e) Compensated absences

The Bank has a leave encashment scheme for its award staff, which is a defined benefit plan. The Bank's net obligation in respect of the leave benefit is calculated by estimating the amount of future benefit that the award staff have earned in return for their service in the current and prior periods.

This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present value of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

(10) Taxation

Income tax comprises current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed thereunder) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Current tax expense is recognised on an annual basis under the taxes payable method based on the estimated liability computed after taking credit for allowances and exemptions in accordance with the provisions of Income Tax Act, 1961.

The Bank accounts for deferred taxes in accordance with the provisions of AS 22 – Accounting for Taxes on Income. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/ virtually certain to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Bamk will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(11) Provisions, contingent liabilities and contingent assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of such obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

(12) Provision for reward points awarded to customers

The Bank has a policy of awarding reward points to customers for credit/debit card spends and remote banking. Provision for such reward points is made on the basis of behavioral analysis of utilisation trends.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts

(1) Statutory Disclosures

(i) Capital Adequacy (₹ in 000s)

	As at 31-Mar-17 (Basel III basis)	As at 31-Mar-16 (Basel III basis)
Amount of equity capital raised	–	–
Amount of additional Tier I capital raised	–	–
Amount of Tier II capital raised	–	–
Total Capital	**233,281,972**	**216,263,300**
Total Risk weighted assets and contingents	**1,660,620,317**	**1,665,846,609**
Capital Ratios		
Common Equity Tier I	13.43%	12.36%
Tier I Capital	13.43%	12.36%
Tier II Capital	0.62%	0.62%
Total Capital	**14.05%**	**12.98%**

Capital adequacy has been calculated based on Master Circular – Basel III Capital Regulations, issued vide RBI circular DBR.No.BP. BC.1/21.06.201/2015-16 dated 01 July 2015.

(ii) Key Ratios

Sr. No.		For the year ended 31-Mar-17	For the year ended 31-Mar-16
i.	Interest income as a % to working funds[1]	6.70%	7.46%
ii.	Non-interest income as a % to working funds[1]	1.85%	1.48%
iii.	Operating profit as a % to working funds[1]	3.42%	3.68%
iv.	Return on assets[1]	1.70%	0.75%
v.	Business (deposits + advances) per employee (₹ in 000s)[2]	182,060	188,447
vi.	Profit per employee (₹ in 000s)	3,022	1,362

[1] Computed based on average of total assets as per Form X submitted to RBI

[2] Computed based on deposits plus advances (excluding inter-bank deposits) outstanding as at the year end

(iii) Maturity Pattern of Assets and Liabilities

As at 31 March 2017 (₹ in 000s)

Maturity Bucket	Loans and Advances *	Investments	Deposits *	Borrowings *	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	26,336,668	112,655,609	10,263,850	7,621,308	7,289,359	10,284,821
2 - 7 days	40,513,147	42,990,110	93,765,908	20,449,136	27,807,200	9,582,198
8 - 14 days	49,986,500	14,670,775	76,217,784	–	3,128,624	11,559,683
15 - 30 days	52,229,733	18,401,662	23,282,613	–	16,481,386	2,304,019
31 days and upto 2 months	48,758,653	9,371,823	70,503,027	37,348,750	15,164,591	16,853,023
2 months and upto 3 months	31,817,584	29,474,631	95,066,967	19,455,000	10,694,127	26,589,139
Over 3 months - 6 months	45,354,404	22,197,803	105,567,755	21,945,500	17,141,790	17,416,717
Over 6 months - 1 year	35,631,286	38,358,507	73,252,590	16,000,000	3,296,212	22,316,485
Over 1 year - 3 years	145,378,059	52,788,544	253,132,333	–	3,066,779	18,891,288
Over 3 years - 5 years	57,948,382	16,358,835	105,033	–	5,581,817	7,542,697
Over 5 years	152,338,324	2,379,980	–	–	9,287,637	5,020,947
Total	**686,292,740**	**359,648,279**	**801,157,860**	**122,819,694**	**118,939,522**	**148,361,017**

* Including foreign currency balances

As at 31 March 2016 (₹ in 000s)

Maturity Bucket	Loans and Advances *	Investments	Deposits *	Borrowings *	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	20,489,012	79,837,482	8,278,602	228,057	10,694,755	4,005,345
2 - 7 days	56,628,390	55,072,313	79,616,204	41,099,447	20,646,235	13,611,153
8 - 14 days	69,581,935	20,350,902	74,484,350	7,000,000	5,655,057	15,831,863
15 - 30 days	49,194,845	11,894,958	36,433,512	–	12,939,637	3,253,309
31 days and upto 2 months	39,577,666	14,246,292	73,734,624	31,625,500	12,716,733	11,550,432
2 months and upto 3 months	49,724,302	24,279,718	38,221,164	6,625,500	15,637,255	16,418,521
Over 3 months - 6 months	53,444,655	14,765,561	49,948,194	10,993,825	21,895,068	24,044,236
Over 6 months - 1 year	44,807,419	72,939,644	152,391,292	6,956,775	4,129,298	146,802,379
Over 1 year - 3 years	131,183,492	29,485,460	238,768,396	–	5,407,749	22,615,396
Over 3 years -5 years	12,513,904	11,375,635	54,325	–	19,535,403	11,649,619
Over 5 years	138,214,804	1,660,474	–	–	17,664,916	12,486,575
Total	**665,360,424**	**335,908,439**	**751,930,663**	**104,529,104**	**146,922,106**	**282,268,828**

* Including foreign currency balances

Note: Non term assets and liabilities have been bucketed based on behavioral maturities in line with the RBI guidelines.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(iv) Investments

(₹ in 000s)

			As at 31-Mar-17	As at 31-Mar-16
Value of Investments				
(i)	Gross Value of Investments		368,310,780	341,864,654
	(a)	In India	368,310,780	341,864,654
	(b)	Outside India	–	–
(ii)	Provisions for Depreciation		4,106,234	2,768,067
	(a)	In India	4,106,234	2,768,067
	(b)	Outside India	–	–
(iii)	Net Value of Investments		364,204,546	339,096,587
	(a)	In India	364,204,546	339,096,587
	(b)	Outside India	–	–

The Bank has no sale and transfers to/from HTM category during the year (2015-16: Nil).

(v) Movement of Provision held towards Depreciation on Investments

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Balance, beginning of the year	2,768,067	2,662,721
Add: Provisions made during the year	2,748,063	263,835
Less: Write-off/write back of excess provisions during the year	(1,409,896)	(158,489)
Balance, end of the year	**4,106,234**	**2,768,067**

(vi) Repurchase and Reverse repurchase transactions including LAF (face value)

For the year ended 31 March 2017

(₹ in 000s)

	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at 31-Mar-17
Securities sold under repos (Government Securities)	50,000	103,638,210	21,018,475	19,350,800
Securities purchased under reverse repos (Government Securities)	6,300,000	218,180,200	40,717,917	21,250,000

For the year ended 31 March 2016

(₹ in 000s)

	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at 31-Mar-16
Securities sold under repos (Government Securities)	150,000	93,912,400	31,572,289	49,197,400
Securities purchased under reverse repos (Government Securities)	7,220,000	182,814,000	32,222,631	11,557,900

* Minimum outstanding during the year excludes the days with nil outstanding

(vii) Issuer composition of non-SLR investments

As at 31 March 2017

(₹ in 000s)

Issuer	Total Amount	Extent of Private Placement (a)	Extent of 'Below Investment Grade' Securities (b)	Extent of Unrated Securities (c)	Extent of Unlisted Securities (d)
PSUs	8,960,972	6,509,700	–	9,700	9,700
Financial institutions	9,790,409	6,500,000	–	–	–
Banks	127	127	–	127	127
Private corporates	4,845,233	3,972,663	3,867,663	3,972,663	1,584,336
Subsidiaries/Joint Venture	–	–	–	–	–
Others	39,524,511	39,524,511	315,399	15	39,524,511
Provisions held towards depreciation	(3,915,740)	(3,901,228)	(3,891,714)	(3,576,331)	(1,756,908)
Total	**59,205,512**	**52,605,773**	**291,348**	**406,174**	**39,361,766**

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(vii) Issuer composition of non-SLR investments *(Continued)*

As at 31 March 2016

(₹ in 000s)

Issuer	Total Amount	Extent of Private Placement (a)	Extent of 'Below Investment Grade' Securities (b)	Extent of Unrated Securities (c)	Extent of Unlisted Securities (d)
PSUs	919,194	9,700	–	9,700	9,700
Financial institutions	5,990,309	2,500,000	–	–	–
Banks	127	127	–	127	127
Private corporates	12,674,436	12,674,436	1,383,244	1,488,650	8,898,700
Subsidiaries/Joint Venture	–	–	–	–	–
Others	44,130,209	44,130,209	934,263	15	44,130,209
Provisions held towards depreciation	(2,690,171)	(2,687,771)	(2,203,286)	(1,269,038)	(2,017,368)
Total	**61,024,104**	**56,626,701**	**114,221**	**229,454**	**51,021,368**

Note: Total investments include investments in Pass Through Certificates (PTCs) of ₹ 39,209 million (gross) (2015-16: ₹ 43,196 million)
Amounts reported under column (a), (b), (c) and (d) above are not mutually exclusive.

(viii) Movement in non-performing non-SLR investments

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Balance, beginning of the year	2,317,507	2,130,883
Additions during the year	2,778,518	310,969
Reductions during the year	(912,965)	(124,345)
Balance, end of the year	**4,183,060**	**2,317,507**
Total Provisions held at end of the year	**3,891,714**	**2,203,286**

(ix) Disclosures relating to NPAs and related provisions

The percentage of net NPAs to net advances is 0.18% as at 31 March 2017 (previous year: 1.07%).

The Provision Coverage Ratio (PCR) is 98.49% as at 31 March 2017 (previous year: 93.40%).

(₹ in 000s)

Movement of Gross NPA	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Balance, beginning of the year	108,355,383	66,563,800
Additions during the year	20,318,088	51,612,051
Reductions during the year	(48,346,856)	(9,820,468)
Balance, end of the year	**80,326,615**	**108,355,383**

(₹ in 000s)

Movement of Net NPA	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Balance, beginning of the year	7,147,858	2,306,403
Additions during the year	(2,706,225)	5,896,609
Reductions during the year	(3,228,036)	(1,055,154)
Balance, end of the year	**1,213,597**	**7,147,858**

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(ix) Disclosures relating to NPAs and related provisions *(Continued)*

(₹ in 000s)

Movement in Provision for NPA	**For the year ended 31-Mar-17**	**For the year ended 31-Mar-16**
Balance, beginning of the year	101,207,525	64,257,397
Additions during the year	23,024,313	45,715,442
Reductions during the year	(45,118,820)	(8,765,314)
Balance, end of the year	**79,113,018**	**101,207,525**

(₹ in 000s)

Concentration of NPAs	**As at 31-Mar-17**	**As at 31-Mar-16**
Total exposure to top four NPA accounts	40,098,140	50,781,748

There was no divergence in asset classification and provisioning exceeding the specified thresholds and hence, detailed disclosures are not applicable pursuant to RBI circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated 18 April 2017.

Disclosure is in accordance with RBI circular DBR.BP.BC No.23 /21.04.018/2015-16 dated 01 July 2015:

Percentage of Gross NPA to total advances (₹ in 000s)

Sector	**As at 31-Mar-17**			**As at 31-Mar-16**		
	Outstanding total advances	**Gross NPA's**	**% of Gross NPA to total advances in that sector**	**Outstanding total advances**	**Gross NPA's**	**% of Gross NPA to total advances in that sector**
A Priority Sector						
Agriculture & allied activities	3,711,128	1,355	0.04%	2,989,397	26,647	0.89%
Advances to industries sector eligible as priority sector lending	95,592,079	8,476,419	8.87%	136,090,673	10,923,873	8.03%
– Basic Metal and Metal Products	15,368,840	214,484	1.40%	19,853,064	3,598,435	18.13%
– Infrastructure	4,640,222	476,219	10.26%	2,933,124	322,188	10.98%
Services	84,078,667	3,916,992	4.66%	51,510,232	741,893	1.44%
– Trade	51,408,397	3,553,978	6.91%	26,400,406	253,163	0.96%
– Commercial Real Estate	1,084,912	134,619	12.41%	–	–	0.00%
Personal Loans	15,031,872	1,298,374	8.64%	19,053,942	934,946	4.91%
Sub total (A)	**198,413,746**	**13,693,141**	**6.90%**	**209,644,243**	**12,627,359**	**6.02%**
B Non-priority sector						
Agriculture & allied activities	498,999	–	0.00%	1,700	–	0.00%
Industry	181,493,736	49,654,032	27.36%	225,753,777	78,596,147	34.81%
– Basic Metal and Metal Products	18,651,360	2,596,382	13.92%	22,027,001	13,124,856	59.59%
– Infrastructure	54,856,406	9,756,768	17.79%	73,644,499	26,930,830	36.57%
Services	214,686,928	9,725,768	4.53%	164,465,250	11,635,762	7.07%
– Trade	52,493,080	6,507,607	12.40%	32,729,630	5,405,098	16.51%
– Commercial Real Estate	114,925,133	36,442	0.03%	85,272,711	–	0.00%
Personal Loans	170,315,898	7,253,674	4.26%	166,708,077	5,496,114	3.30%
Sub total (B)	**566,995,561**	**66,633,474**	**11.75%**	**556,928,804**	**95,728,024**	**17.19%**
Total (A+B)	**765,409,307**	**80,326,615**	**10.49%**	**766,573,047**	**108,355,383**	**14.14%**

During the year, the bank has realigned the mapping of certain industry and service sectors.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(ix) Disclosures relating to NPAs and related provisions *(Continued)*

(₹ in 000s)

Movement in Gross NPA	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Gross NPAs as on 01 April	**108,355,383**	**66,563,800**
Additions (fresh NPAs) during the year	20,318,088	51,612,051
Sub-total (A)	128,673,471	118,175,851
Less:-		
(i) Upgradations	(12,624,084)	(2,322,254)
(ii) Recoveries (excluding recoveries made from upgraded accounts)	(7,589,804)	(5,491,131)
(iii) Technical/Prudential Write-offs *	–	–
(iv) Write-offs other than those under (iii) above	(28,132,968)	(2,007,083)
Sub-total (B)	(48,346,857)	(9,820,468)
Gross NPAs as on 31 March (A - B)	**80,326,615**	**108,355,383**

* The Bank does not have any technical/prudential write-offs hence the disclosure on movement in such accounts is not applicable.

(x) Concentration of Advances *

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Total advances to twenty largest borrowers	**387,650,883**	375,159,632
Percentage of advances to twenty largest borrowers to total advances of the Bank	**16.22%**	16.23%

* Advances are computed as per definition of credit exposure (including derivatives) as per RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 01 July 2015.

(xi) Concentration of Exposures *

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Total exposure to twenty largest borrowers/customers	**421,655,087**	382,523,977
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Bank on borrowers/customers	**15.03%**	14.39%

* Exposures are computed as per definition of credit and investment exposure as per RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 01 July 2015.

(xii) Provision towards Standard Assets and Country Risk Exposure

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Provisions towards Standard Assets *	9,199,268	5,672,912
Provisions towards Country Risk Exposure	63,558	63,558
Total	**9,262,826**	**5,736,470**

* includes provision towards unhedged foreign currency exposure of ₹ 882 million (2015–16: ₹ 1,175 million).

(xiii) Details of non-performing financial assets purchased

The amount of non performing financial assets purchased during the year is Nil. (2015–16: Nil).

(xiv) Details of non performing financial assets sold (other than sold to Securitisation Company/ Reconstruction Company)

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
(i) No of accounts	1	–
(ii) Aggregate outstanding	–	–
(iii) Aggregate consideration	885,231	–

(xv) Details of sale of financial assets to Securitisation Company (SC)/Reconstruction Company (RC) for asset reconstruction

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
(i) No of accounts	2	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	105,099	–
(iii) Aggregate consideration	431,250	150,000
(iv) Additional consideration realised in respect of accounts transferred in earlier years	–	–
(v) Aggregate gain over net book value	326,151	150,000

* Net book value on date of sale

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xvi) Spread Over of Shortfall on Sale of NPAs to SCs/RCs

There is no spread over of shortfall on Sale of NPAs to SCs/RCs

(xvii) Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in 000s)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
3	–	2,843,200	–	–	–	195,235

(xviii) Disclosures on the Change in Ownership outside the SDR scheme (accounts which are currently under the stand-still period)

There were no accounts during the year where Bank has decided to change in ownership.

(xix) Priority Sector Lending Certificates (PSLCs) Purchased/Sold during the year ended 31 March 2017

(₹ in 000s)

Type of PSLC	PSLC Bought	PSLC Sold
PSLC - Agriculture	14,960,000	–
PSLC - Small and Marginal Farmers	30,002,500	–
PSLC - Micro Enterprises	–	–
PSLC - General	5,000,000	–
Total	**49,962,500**	–

(xx) Disclosures on the Scheme of Sustainable Structuring of Stressed Assets (S4A) as on 31 March 2017

(₹ in 000s)

Asset Classsification	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding in Part A	Amount outstanding in Part B	Provision held
Standard	–	–	–	–	–
NPA	1	625,452	328,069	297,384	500,362

(xxi) Disclosures on flexible Structuring of Existing loans

There were no borrowers taken up for flexibility structuring during the year.

(xxii) Disclosures on change in ownership of projects under implementation (accounts which are currently under the stand-still period)

There were no project loan accounts during the year where bank has decided to effect the change in ownership.

(xxiii) Investments in Security Receipts backed by NPA's

Disclosure is in accordance with RBI circular DBR.No.BP.BC.78/21.04.048/2014-15 dated 20 March 2015:

(₹ in 000s)

Book value of investments in security receipts		For the year ended 31-Mar-17	For the year ended 31-Mar-16
(i)	Backed by NPAs sold by the bank as underlying	–	–
(ii)	Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying	315,384	934,248

(xxiv) Unsecured Advances

The Bank has unsecured gross advances amounting to ₹ 683 million (2015-16: ₹ 2,667 million) which are fully provided and for which it holds intangible securities such as charge over the rights, licenses, authority, etc. The estimated value of such intangible collateral is ₹ 5,630 million (2015-16: ₹7,600 million).

(xxv) Overseas Assets, NPA and Revenue

As the Bank is a branch of a foreign bank, this disclosure is considered as not applicable.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxvi) Accounts Restructured

The disclosure of restructured advances vide RBI circular DBR.No.BP.BC.2/21.04.048/2015-16 dated 01 July 2015 is as under:

For the year ended 31 March 2017

(₹ in 000s)

Sr. No.	Type of Restructuring	Asset Classification Details	Under CDR Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on 1 April of the FY (opening figures)*	No. of borrowers	–	–	9	–	9	143	126	113	5	387	143	126	122	5	396
		Amount outstanding	–	–	6,203,281	–	6,203,281	65,107	4,063	3,279,245	278,366	3,626,781	65,107	4,063	9,482,526	278,366	9,830,062
		Provision thereon	–	–	6,203,281	–	6,203,281	3,996	3,959	3,279,245	278,366	3,565,566	3,996	3,959	9,482,526	278,366	9,768,847
2	Fresh restructuring during the year	No. of borrowers	–	–	–	–	–	–	3	–	–	3	–	3	–	–	3
		Amount outstanding	–	–	–	–	–	–	2,467,849	4	–	2,467,853	–	2,467,849	4	–	2,467,853
		Provision thereon	–	–	–	–	–	–	2,402,236	4	–	2,402,240	–	2,402,236	4	–	2,402,240
3	Upgradations to restructured standard category during the FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Downgradations of restructured accounts during the FY	No. of borrowers	–	–	–	–	–	(4)	1	3	–	–	(4)	1	3	–	–
		Amount outstanding	–	–	–	–	–	(3,365)	(2,137,216)	2,140,581	–	–	(3,365)	(2,137,216)	2,140,581	–	–
		Provision thereon	–	–	–	–	–	–	(2,138,861)	2,140,501	–	1,640	–	(2,138,861)	2,140,501	–	1,640
6	Write-offs of restructured accounts during the FY	No. of borrowers	–	–	1	–	1	138	112	105	2	357	138	112	106	2	358
		Amount outstanding	–	–	2,445,902	–	2,445,902	27,594	4,042	568,566	82,119	682,321	27,594	4,042	3,014,468	82,119	3,128,223
7	Restructured Accounts as on 31 March of the FY (closing figures)*	No. of borrowers	–	–	8	–	8	1	18	11	3	33	1	18	19	3	41
		Amount outstanding	–	–	3,757,379	–	3,757,379	34,148	330,654	4,851,264	196,247	5,412,313	34,148	330,654	8,608,643	196,247	9,169,692
		Provision thereon	–	–	3,757,379	–	3,757,379	3,549	264,386	4,851,264	196,247	5,315,447	3,549	264,386	8,608,643	196,247	9,072,825

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Sr. No. 2- Amount outstanding includes addition to existing restructured accounts amounting to ₹ 4.14 (in 000's) (number of accounts 1) and provision theron includes additional provision amounting to ₹ 4.14 (in 000's) (number of accounts 1)

Sr. No. 6 - Amount outstanding includes amount recovered from restructured accounts amounting to ₹ 2,766,617.91 (in 000's) (number of accounts 259).

Sr. No. 7- Provision thereon is after adjusting the provision of ₹ 3,099,900.10 (in '000) towards amount recovered / written off .

There are no accounts restructured under SME debt restructuring mechanism.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxvi) Accounts Restructured *(Continued)*

For the year ended 31 March 2016

(₹ in 000s)

Sr. No.	Type of Restructuring	Asset Classification Details	Under CDR Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on 1 April of the FY (opening figures)*	No. of borrowers	1	–	7	–	8	2	562	457	11	1,032	3	562	464	11	1,040
		Amount outstanding	363,171	–	4,867,284	–	5,230,455	174,820	25,781	2,625,476	105,134	2,931,211	537,991	25,781	7,492,760	105,134	8,161,666
		Provision thereon	–	–	4,867,283	–	4,867,283	5,440	25,094	2,625,476	105,134	2,761,144	5,440	25,094	7,492,759	105,134	7,628,427
2	Fresh restructuring during the year	No. of borrowers	–	–	1	–	1	–	1	1	–	2	–	1	2	–	3
		Amount outstanding	–	–	1,030,608	–	1,030,608	15,071	801	1,076,457	–	1,092,329	15,071	801	2,107,065	–	2,122,937
		Provision thereon	–	–	1,030,608	–	1,030,608	–	721	1,076,457	–	1,077,178	–	721	2,107,065	–	2,107,786
3	Upgradations to restructured standard category during the FY	No. of borrowers	–	–	–	–	–	142	–	(142)	–	–	142	–	(142)	–	–
		Amount outstanding	–	–	–	–	–	6,843	–	(6,843)	–	–	6,843	–	(6,843)	–	–
		Provision thereon	–	–	–	–	–	447	–	–	–	447	447	–	–	–	447
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	–	(1)	–	–	–	(1)	(1)	–	–	–	(1)
		Amount outstanding	–	–	–	–	–	(131,627)	–	–	–	(131,627)	(131,627)	–	–	–	(131,627)
		Provision thereon	–	–	–	–	–	(1,891)	–	–	–	(1,891)	(1,891)	–	–	–	(1,891)
5	Downgradations of restructured accounts during the FY	No. of borrowers	(1)	–	1	–	–	–	–	(1)	1	–	(1)	–	–	1	–
		Amount outstanding	(356,918)	–	356,918	–	–	–	–	(173,617)	173,617	–	(356,918)	–	183,301	173,617	–
		Provision thereon	–	–	356,918	–	356,918	–	–	(173,617)	173,617	–	–	–	183,301	173,617	356,918
6	Write–offs of restructured accounts during the FY	No. of borrowers	–	–	–	–	–	–	437	202	7	646	–	437	202	7	646
		Amount outstanding	6,254	–	51,529	–	57,783	–	22,519	242,228	385	265,132	6,254	22,519	293,757	385	322,915
7	Restructured Accounts as on 31 March of the FY (closing figures)*	No. of borrowers	–	–	9	–	9	143	126	113	5	387	143	126	122	5	396
		Amount outstanding	–	–	6,203,281	–	6,203,281	65,107	4,063	3,279,245	278,366	3,626,781	65,107	4,063	9,482,526	278,366	9,830,062
		Provision thereon	–	–	6,203,281	–	6,203,281	3,996	3,959	3,279,245	278,366	3,565,566	3,996	3,959	9,482,526	278,366	9,768,847

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Sr. No. 2– Amount outstanding includes addition to existing restructured accounts amounting to ₹ 169,434 (in 000's) (number of accounts 3) and provision thereon includes additional provision amounting to ₹ 154,283 (in 000's) (number of accounts 2)

Sr. No. 6 – Amount outstanding includes amount recovered/converted from restructured accounts amounting to ₹ 309,035 ('000) (number of accounts 388).

Sr. No. 7– Provision thereon is after adjusting the provision of ₹ 322,840 (in '000) towards amount recovered / written off .

There are no accounts restructured under SME debt restructuring mechanism.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxvii) Lending to Sensitive Sectors

(₹ in 000s)

Category		As at 31-Mar-17	As at 31-Mar-16
	Exposure to Real Estate Sector		
	Direct exposure		
(i)	**Residential Mortgages**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	169,769,506	165,439,622
	Of which individual housing loans eligible for inclusion in priority sector advances	10,738,732	11,953,123
(ii)	**Commercial Real Estate**		
	Lending secured by mortgages on commercial real estates	203,699,191	147,489,500
(iii)	Other Direct Exposure (Loans backed by Commercial Property not falling under definition of Commercial Real Estate Exposure as per RBI circular No. DBOD.BP.BC.No. 42/08.12.015/2009-10 dated 09 September, 2009)	56,303,634	41,185,455
(iv)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a. Residential	1,656,942	1,656,900
	b. Commercial Real Estate	315,384	934,248
	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,879,598	5,476,651
	Total Exposure to Real Estate Sector	**444,624,255**	**362,182,376**
	Exposure to Capital Market		
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	13,930	12,536
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	4,103	11,429
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	801,952	2,322,034
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	2,946,520	601,358
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	17,134,016	9,755,539
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	534,280	1,214,800
(vii)	Bridge loans to companies against expected equity flows/issues	–	230,502
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	–	–
(ix)	Financing to stockbrokers for margin trading	–	–
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	–	–
(xi)	Others (Irrevocable Payment Commitments)	2,929,219	4,394,159
	Total Exposure to Capital Market	**24,364,020**	**18,542,357**

Schedules to the financial statements for the year ended 31 March 2017 ***(Continued)***

E) Notes to accounts ***(Continued)***

(1) Statutory Disclosures ***(Continued)***

(xxviii) Assets Securitised (including assignment)

(a) Securitisation

The Bank has not entered into any securitisation transactions during the year (2015-16: Nil).

(b) Assignment

Form and quantum of outstanding value of services provided by way of:

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Credit Enhancement given in the form of Cash Collateral	328,434	328,434
Credit Enhancement given in the form of Guarantees	1,328,508	1,328,508
Liquidity Support	–	–
Post securitisation asset servicing	–	–

In accordance with RBI circular DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006, there are no assignments during the year (2015-16: Nil).

(xxix) Intra-group Exposures

Disclosure is in accordance with RBI circular DBOD.BP.BC.96/21.06.102/2013-14 dated 11 February 2014:

(₹ in 000s)

		As at 31-Mar-17	As at 31-Mar-16
(a)	Total amount of intra group exposures	15,713,636	18,814,888
(b)	Total amount of top-20 intra-group exposures	15,709,863	18,796,408
(c)	Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	0.56%	0.68%
(d)	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	Nil	Ni

(xxx) Amounts transferred to Depositors Education and Awareness Fund

Disclosure is in accordance with RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14 dated 27 May 2014:

(₹ in 000s)

Category	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Opening balance of amounts transferred to Depositors Education and Awareness Fund	1,529,441	1,291,489
Add : Amounts transferred to Depositors Education and Awareness Fund during the year	277,246	259,005
Less : Amounts reimbursed by Depositors Education and Awareness Fund towards claims	(15,500)	(21,053)
Closing balance of amounts transferred to Depositors Education and Awareness Fund	1,791,187	1,529,441

(xxxi) Unhedged Foreign Currency Exposures

The Bank has provided for unhedged foreign currency exposures as per RBI master circular DBR.No.BP.BC.2/21.04.048/2015-16 dated 01 July 2015 on prudential norms on income recognition, asset classification and provisioning pertaining to advances. The Bank considers all customers who have borrowed from the Bank and covers gross sum of all items on the customer's balance sheet that has an impact on the profit and loss account due to movement in foreign exchange rates. While providing for unhedged foreign currency exposures, the Bank has considered both financial hedges and natural hedges. The Bank has robust processes to manage credit risk assessment including currency induced credit risk and review in stressed scenarios whereby the Bank initiates corrective actions where required.

Provision towards unhedged foreign currency exposures as on 31 March 2017 is ₹ 882 million (2015-16: ₹ 1,175 million) and the capital (including buffer) held by the Bank towards this risk is ₹ 4,344 million (2015-16: ₹ 5,598 million).

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxii) Liquidity Coverage Ratio (LCR)

(a) Quantitative Disclosures

Disclosure is in accordance with RBI master circular DBR.BP.BC No.23 /21.04.018/2015-16 dated 01 July 2015 is as under

	Q1 FY 2016-17		Q2 FY 2016-17		Q3 FY 2016-17		Q4 FY 2016-17	
Liquidity Coverage Ratio	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		176,694,582		189,164,557		240,517,614		262,571,638
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	270,178,461	25,536,677	273,325,427	25,766,516	322,043,355	30,507,876	305,349,435	28,961,841
(i) Stable deposits	29,623,390	1,481,170	31,320,535	1,566,027	33,929,189	1,696,459	31,462,051	1,573,103
(ii) Less stable deposits	240,555,071	24,055,507	242,004,892	24,200,489	288,114,165	28,811,417	273,887,384	27,388,738
3 Unsecured wholesale funding, of which :	363,403,223	160,451,170	345,651,513	154,083,627	432,191,573	195,102,356	464,135,499	212,993,699
(i) Operational deposits (all counterparties)	118,877,132	29,684,461	124,885,923	31,188,554	143,324,841	35,798,236	149,819,572	37,419,346
(ii) Non-operational deposits (all counterparties)	244,526,091	130,766,709	220,765,590	122,895,073	288,866,732	159,304,120	314,315,927	175,574,353
(iii) Unsecured debt	–	–	–	–	–	–	–	–
4 Secured wholesale funding								
5 Additional requirements, of which:	186,967,985	53,915,890	265,661,083	109,599,249	223,592,247	67,312,413	223,368,542	67,563,134
(i) Outflows related to derivative exposures and other collateral requirements	32,675,685	32,675,685	84,986,854	84,986,854	42,300,665	42,300,665	42,558,218	42,558,218
(ii) Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
(iii) Credit and liquidity facilities	154,292,300	21,240,205	180,674,229	24,612,395	181,291,582	25,011,748	180,810,324	25,004,916
6 Other contractual funding obligations	14,099,282	14,099,282	13,499,757	13,499,757	12,729,395	12,729,395	12,827,565	12,827,565
7 Other contingent funding obligations	752,464,209	29,607,175	766,166,298	30,376,950	796,297,094	31,569,685	795,856,482	31,489,841
8 Total Cash Outflows		283,610,194		333,326,099		337,221,725		353,836,080
Cash Inflows	–	–	–	–				
9 Secured lending (e.g. reverse repos)	24,032,387	–	29,583,879	–	33,465,331	–	77,637,320	–
10 Inflows from fully performing exposures	133,799,004	99,599,618	195,105,681	162,618,987	142,516,466	108,995,178	144,404,095	104,934,766
11 Other cash inflows	3,629,873	1,814,936	2,515,311	1,257,655	6,612,402	3,306,201	2,784,824	1,392,412
12 Total Cash Inflows	161,461,264	101,414,554	227,204,871	163,876,642	182,594,199	112,301,379	147,188,919	106,327,178
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
21 TOTAL HQLA		176,694,582		189,164,557		240,517,614		262,571,638
22 Total Net Cash Outflows		182,195,640		169,449,457		224,920,346		247,508,902
23 Liquidity Coverage Ratio (%)		97%		112%		107%		106%

* In accordance with RBI guidelines, average weighted and unweighted amounts are calculated taking simple daily average for the quarter ended 31 March 2017 and simple average for the months in respective previous quarters for the financial year 2016-17.

	Q1 FY 2015-16		Q2 FY 2015-16		Q3 FY 2015-16		Q4 FY 2015-16	
Liquidity Coverage Ratio	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**	**Total Un-weighted Value (average)**	**Total Weighted Value (average)**
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		234,639,283		157,511,881		164,079,004		181,245,727
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	368,566,823	35,487,283	273,763,651	26,009,175	285,508,200	27,171,176	301,149,705	28,728,963
(i) Stable deposits	27,387,985	1,369,399	27,343,796	1,367,190	27,592,876	1,379,644	27,720,144	1,386,007
(ii) Less stable deposits	341,178,837	34,117,884	246,419,855	24,641,986	257,915,324	25,791,532	273,429,560	27,342,956
3 Unsecured wholesale funding, of which :	484,424,340	201,394,143	371,740,573	151,252,581	350,178,531	156,123,812	391,842,883	165,053,094
(i) Operational deposits (all counterparties)	210,666,451	52,633,141	146,791,501	36,665,848	115,770,699	28,911,986	150,662,612	37,632,926
(ii) Non-operational deposits (all counterparties)	273,757,889	148,761,001	224,949,072	114,586,733	234,407,831	127,211,826	241,180,270	127,420,168
(iii) Unsecured debt	–	–	–	–	–	–	–	–
4 Secured wholesale funding		–		–		–		–
5 Additional requirements, of which:	196,222,105	79,136,291	182,107,167	67,330,385	180,218,424	59,383,732	184,154,447	65,514,811
(i) Outflows related to derivative exposures and other collateral	58,568,688	58,568,688	48,900,848	48,900,848	40,522,278	40,522,278	46,782,598	46,782,598
(ii) Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
(iii) Credit and liquidity facilities	137,653,417	20,567,603	133,206,319	18,429,537	139,696,146	18,861,454	137,371,849	18,732,213
6 Other contractual funding obligations	8,191,871	8,191,871	12,026,520	12,026,520	12,741,957	12,741,957	11,761,855	11,761,855
7 Other contingent funding obligations	786,742,017	39,337,101	788,261,673	39,413,084	764,811,650	38,240,582	769,497,129	35,769,466
8 Total Cash Outflows		363,546,689		296,031,745		293,661,259		290,736,192
Cash Inflows								
9 Secured lending (e.g. reverse repos)	75,053,529	–	19,323,835	–	23,166,486	–	26,994,445	–
10 Inflows from fully performing exposures	152,897,021	112,835,567	137,111,496	95,405,889	115,444,087	80,158,204	135,404,163	99,772,508
11 Other cash inflows	–	–	–	–	–	–	–	–
12 Total Cash Inflows	227,950,550	112,835,567	156,435,331	95,405,889	138,610,574	80,158,204	162,398,608	99,772,508
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
21 TOTAL HQLA		234,639,283		157,511,881		164,079,004		181,245,727
22 Total Net Cash Outflows		250,711,122		200,625,856		213,503,055		190,963,684
23 Liquidity Coverage Ratio (%)		94%		79%		77%		95%

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxii) Liquidity Coverage Ratio (LCR) *(Continued)*

(b) Qualitative Disclosures

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLA that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the Bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

i. The main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time;

The key components/ drivers of the LCR are (i) stock of HQLA and (ii) net cash outflows over the next 30 calendar days. HQLA comprises high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios; they should be unencumbered and easily convertible into cash at little or no loss of value. Net cash outflows are the total expected cash outflows minus expected cash inflows for the subsequent 30 calendar days. Cash outflows and inflows are calculated by multiplying outstanding balances of various types of liabilities and off-balance sheet commitments/ contingencies and various categories of contractual receivables by the prescribed outflows/inflows rates. Total inflows are capped at 75% of total outflows for LCR computation.

ii. Intra-period changes as well as changes over time;

The LCR requirement has been introduced by RBI for banks in India effective 1 January 2015 with a minimum 60% for the calendar year 2015, rising in equal steps each calendar year to reach the minimum 100% requirement by 1 January 2019.

iii. The composition of HQLA;

There are two categories of assets which can be included in the stock of HQLA's, viz. Level 1 and Level 2 assets, subject to prescribed operational requirements and other criteria:

- Level 1 assets comprise of the following and can be included without any limit as also without applying any haircut:
  - (a) Cash including cash reserves in excess of required CRR;
  - (b) Government securities in excess of the minimum SLR requirement;
  - (c) Within the mandatory SLR requirement, Government securities to the extent allowed by RBI (currently 10% of NDTL);
  - (d) Marketable securities issued or guaranteed by foreign sovereigns, subject to certain conditions.
- Level 2 assets (comprising Level 2A assets and Level 2B assets) can be included, subject to the requirement that they comprise no more than 40% of the overall stock of HQLAs after haircuts have been applied.

HQLA for the Bank currently comprises of Level 1 assets only.

iv. Concentration of funding sources;

The Bank seeks to diversify its funding sources across retail, commercial, corporate and institutional clients, as well as across products, tenors and currency. Funding from significant counterparties, products/instruments and currency is monitored regularly as part of its ongoing liquidity management. The Bank endeavours to fund its customers loans from deposits and capital, thereby ensuring minimal/no reliance on interbank borrowings.

v. Derivative exposures and potential collateral calls;

Derivative exposures with outflows and inflows in the next 30 calendar days are included in the LCR calculations. Further, management assesses the potential need for higher liquidity on account of valuation, collateral or specific scenarios.

vi. Currency mismatch in the LCR; and

LCR computation is aggregated across currencies, with the predominant currency being INR. The Bank's foreign currency liabilities support its foreign currency exposures, however all HQLA is maintained in INR only.

vii. Description of the degree of centralisation of liquidity management and interaction between the group's units;

The Bank's ALCO is responsible for liquidity management on an overall basis, with ALM managing the day-to-day requirements within the Bank's liquidity risk framework, by interacting with all the business and product lines on an ongoing basis and via the Liquidity Management Forum. Treasury - Risk and Finance monitors adherence to various internal structural and short term liquidity limits, as well as regulatory limits and ratios such as CRR, SLR, LCR, call borrowings/lending etc.

(xxxiii) Risk Exposure in Derivatives

(a) Exchange traded interest rate derivatives

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Notional principal amount of derivatives undertaken during the year	118,608,502	227,050,089
Notional principal amount of derivatives outstanding as on 31st March	-	7,640,400
Notional principal amount of derivatives outstanding and not 'highly effective'	NA	NA
Mark to market value of derivatives outstanding and not 'highly effective'	NA	NA

(b) Qualitative Disclosures

Structure and organisation of management of risk in derivatives trading

The derivatives business is managed by the front office with independent back office for confirmation and settlement of trades. A separate middle office team validates all the derivative transactions and the processing and settlement is done by the back office team. The market risk team is responsible for monitoring market risk limits for derivative instruments. VAR (Value at Risk) is the primary risk measure and supplemented by other limits like PV01 as required and appropriate. There is clear segregation of duties and different reporting lines to ensure independent monitoring and reporting.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxiii) Risk Exposure in Derivatives *(Continued)*

(b) Qualitative Disclosures *(Continued)*

Risk monitoring team

The Bank is exposed to market risk, liquidity risk, operational risk and credit risk on the derivatives portfolio. The Bank's risk management group, compliance group and internal audit group assist in identifying, assessing and monitoring of these principal risks in accordance with policies and procedures.

Provisioning, collateral and credit risk mitigation

Counterparties are reviewed by credit officers who set their credit limits. The Bank does a credit analysis which includes a review of facility detail, credit grade determination and financial spreading/ratio analysis. The Bank uses a numerical grading system, for quantifying the risk associated with counterparty.

The Bank applies the Current Exposure methodology to manage credit risk associated with derivative transactions. This is calculated by taking the cost of replacing the contract, where its mark-to-market value, is positive together with an estimate of the potential future change in the market value of the contract, reflecting the volatilities that affect it. The credit risk on contracts with a negative mark-to-market value is restricted to the potential future change in their market value.

Provisioning on the exposure taken on derivative contracts is made as prescribed by RBI Circular No. DBR.No.BP. BC.2/21.04.048/2015-16 dated 01 July 2015

(c) Quantitative Disclosure

(₹ in 000s)

Sr. No.	Particulars	Currency Derivatives as at 31-Mar-17	Interest rate Derivatives as at 31-Mar-17	Currency Derivative as at 31-Mar-16	Interest rate Derivatives as at 31-Mar-16
1	Derivatives (Notional Principal Amount)				
	a) For hedging	–	31,000,000	102,482,918	36,450,000
	b) For trading	7,048,311,505	8,546,885,353	7,161,611,985	8,703,360,020
2	Marked to Market Positions				
	a) Asset (+)	164,354,268	26,455,974	91,221,054	35,461,169
	b) Liability (-)	(188,663,064)	(21,119,351)	(108,790,565)	(27,852,000)
3	Credit Exposure[1]	354,859,907	97,046,506	296,791,376	105,731,041
4	Likely impact of one percentage change in interest rate (100*PV01)[2]				
	a) on hedging derivatives	–	496,385	678,630	373,082
	b) on trading derivatives	2,455,982	2,294,794	2,018,362	1,159,561
5	Maximum of 100*PV01 observed during the year [2]				
	a) on hedging	668,829	800,533	1,515,986	1,405,755
	b) on trading	2,494,289	3,745,557	2,038,996	3,810,243
6	Minimum of 100*PV01 observed during the year [2]				
	a) on hedging	298	88,676	678,630	373,082
	b) on trading	780,264	5,939	1,085,075	34,614

[1] Computed as per the current exposure method as per RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 01 July 2015

[2] Only for ₹ currency

(xxxiv) Interest Rate Swaps, Interest Rate Options and Forward Rate Agreements

The notional principal amount of Interest Rate Swaps ('IRS'), Interest Rate Options ('IRO'), Interest Rate Futures ('IRF') and Forward Rate Agreements ('FRA') are:

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
IRS	8,554,539,353	8,732,169,620
IRO	23,346,000	–
IRF	–	7,640,400
FRA	–	–
Total	**8,577,885,353**	**8,739,810,020**

The credit risk is the pre-settlement risk which is estimated in accordance with the Current Exposure Method. All IRS, IRO, IRF and FRA are monitored for price risks under the Value at Risk approach.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxiv) Interest Rate Swaps, Interest Rate Options and Forward Rate Agreements *(Continued)*

The Bank as at 31 March 2017 has taken ₹ 775 million as collateral from counter parties in respect of derivative contracts (2015-16: ₹ 3,484 million).

The gross positive mark to market on the IRS, IRO, IRF and FRA, which is the potential loss that the Bank would incur in case the counter parties fail to fulfill their obligations are:

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
IRS	26,394,467	35,461,169
IRO	61,507	–
IRF	–	–
FRA	–	–
Total	**26,455,974**	**35,461,169**

As at 31 March 2017, the exposure on IRS, IRO, IRF and FRA is spread over various industries. Based on the notional principal amount, the maximum single industry exposure lies with banks at 47% (2015-16: 69%).

Fair value (net MTM value) which the Bank would receive or pay to terminate the IRS, IRO, IRF and FRA is given below:

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
IRS	5,336,623	7,609,169
IRO	–	–
IRF	–	–
FRA	–	–
Total	**5,336,623**	**7,609,169**

The nature and terms of the IRS as on 31 March 2017 are set out below:

(₹ in 000s)

Nature	Number of Contracts	Notional Principal	Benchmark	Term
Trading	2	163,175	INBMK	Fixed Payable v/s Fixed Receivable
Trading	31	25,787,175	INBMK	Fixed Payable v/s Floating Receivable
Trading	11	5,500,000	INBMK	Fixed Receivable v/s Floating Payable
Trading	428	778,236,366	LIBOR	Fixed Payable v/s Floating Receivable
Trading	4	3,655,108	LIBOR	Floating Payable v/s Floating Receivable
Trading	35	42,701,445	LIBOR	Fixed Receivable v/s Fixed Payable
Trading	442	733,322,769	LIBOR	Fixed Receivable v/s Floating Payable
Trading	11	19,191,547	LIBOR	Floating Receivable v/s Floating Payable
Trading	946	671,575,627	MIFOR	Fixed Payable v/s Floating Receivable
Trading	1,309	684,850,849	MIFOR	Fixed Receivable v/s Floating Payable
Trading	2,883	2,718,283,421	OIS	Fixed Payable v/s Floating Receivable
Trading	3,299	2,820,875,767	OIS	Fixed Receivable v/s Floating Payable
Trading	8	11,673,000	LIBOR	Floating Payable v/s Fixed Receivable
Trading	8	11,673,000	LIBOR	Floating Receivable v/s Fixed Payable
Trading	9	9,698,053	Other	Fixed Payable v/s Floating Receivable
Trading	9	9,698,053	Other	Fixed Receivable v/s Floating Payable
Hedging	49	29,500,000	OIS	Fixed Payable v/s Floating Receivable
Hedging	3	1,500,000	OIS	Fixed Receivable v/s Floating Payable
	9,487	**8,577,885,355**		

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

(₹ in 000s)

Nature	Number of Contracts	Notional Principal	Benchmark	Term
Trading	2	652,700	INBMK	Fixed Payable v/s Fixed Receivable
Trading	42	30,032,325	INBMK	Fixed Payable v/s Floating Receivable
Trading	17	9,000,000	INBMK	Fixed Receivable v/s Floating Payable
Trading	1	2,981,475	LIBOR	Fixed Payable v/s Fixed Receivable
Trading	474	796,313,930	LIBOR	Fixed Payable v/s Floating Receivable
Trading	9	21,945,312	LIBOR	Floating Payable v/s Floating Receivable
Trading	44	54,086,649	LIBOR	Fixed Receivable v/s Fixed Payable
Trading	471	729,051,192	LIBOR	Fixed Receivable v/s Floating Payable
Trading	13	19,857,452	LIBOR	Floating Receivable v/s Floating Payable

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxiv) Interest Rate Swaps, Interest Rate Options and Forward Rate Agreements *(Continued)*

The nature and terms of the IRS and IRO as on 31 March 2016 are set out below: *(Continued)*

(₹ in 000s)

Nature	Number of Contracts	Notional Principal	Benchmark	Term
Trading	3	1,140,000	MIBOR	Fixed Payable v/s Floating Receivable
Trading	892	568,713,627	MIFOR	Fixed Payable v/s Floating Receivable
Trading	1,141	605,256,074	MIFOR	Fixed Receivable v/s Floating Payable
Trading	2,607	3,012,151,081	OIS	Fixed Payable v/s Floating Receivable
Trading	2,722	2,823,439,238	OIS	Fixed Receivable v/s Floating Payable
Trading	10	10,549,282	Others	Fixed Payable v/s Floating Receivable
Trading	10	10,549,282	Others	Fixed Receivable v/s Floating Payable
Hedging	69	34,750,000	OIS	Fixed Payable v/s Floating Receivable
Hedging	1	1,700,000	OIS	Fixed Receivable v/s Floating Payable
	8,528	**8,732,169,619**		

The nature and terms of the IRF as on 31 March 2017 are set out below:

(₹ in 000s)

Nature	Number of Contracts	Notional Principal	Benchmark	Term
NIL	–	–		
	–	**–**		

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

(₹ in 000s)

Nature	Number of Contracts	Notional Principal	Benchmark	Term
Trading	214	7,640,400	OTHERS	Fixed Payable v/s Floating Receivable
	214	**7,640,400**		

(xxxv) Country Risk Exposure

(₹ in 000s)

Risk Category	Funded Exposure (net) as at 31-Mar-17	Provision held as at 31-Mar-17	Funded Exposure (net) as at 31-Mar-16	Provision held as at 31-Mar-16
Insignificant	38,469,806	35,498	27,930,168	35,498
Low	20,679,700	28,060	16,459,590	28,060
Moderately Low	3,183,916	–	1,674,177	–
Moderate	4,130,666	–	614,526	–
Moderately High	195	–	–	–
High	195	–	199	–
Very High	65	–	66	–
Total	**66,464,543**	**63,558**	**46,678,726**	**63,558**

Disclosure for country risk exposure in accordance with RBI Master Circular No. DBR.BP.BC No.23 /21.04.018/2015-16 dated 1 July 2015 is given under:

The above provision has been included in Schedule 5 - Other Liabilities and Provisions.

(xxxvi) Prudential Credit Exposure Limits – Single and Group Borrower Exposure

The Bank's exposure to single and group borrowers has been within the limits specified by RBI. During 2016-17, the Bank had enhanced the credit exposure by an additional 5 per cent of capital funds in respect of Sun Pharmaceutical Industries Limited with the approval of the Country Management Team of the Bank

(xxxvii) Provisions and Contingencies

(a) As per AS 29 – Provisions, Contingent Liabilities and Contingent Assets, movement in provision for reward points awarded to customers and movement in other provisions are given below:

(₹ in 000s)

	For the year ended 31-Mar-17		For the year ended 31-Mar-16	
	Reward Points [1]	Other Provisions	Reward Points [1]	Other Provisions
Opening provision	584,423	735,966	672,954	392,144
Provision made during the year	457,542	489,374	255,139	581,409
Utilisation/write back of provision during the year	(392,368)	(765,803)	(343,670)	(237,587)
Closing provision	**649,597**	**459,537**	**584,423**	**735,966**

1 Basis of calculation of provision for reward points is explained in Note 18 (D) (12). The provision is utilised when actual claims for redemption are made by customers.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxvii) Provisions and Contingencies *(Continued)*

(b) Description of Contingent Liabilities

(i) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank relating to certain legal and tax proceedings that are currently in progress.

(ii) Liability on account of outstanding foreign exchange contracts

The Bank enters into foreign exchange contracts on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The Bank also undertakes currency futures transactions.

(iii) Liability on account of derivative contracts

These include notional principal on outstanding cross currency swaps, currency options, forward rate agreements, interest rate swaps, interest rate futures and interest rate options.

(iv) Guarantees given on behalf of constituents, acceptances, endorsements and other obligations

As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credit such as letters of credit enhances the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations. Irrevocable Payment Commitments are included under guarantees given on behalf of constituents in India.

(v) Other items for which the Bank is contingently liable

These include capital commitments, amounts deposited in the Depositor Education and Awareness Fund, underwriting commitments, recourse obligations representing credit enhancements in the form of cash collaterals in respect of securitised loans, bills re-discounted and amount payable on securities purchased.

(c) Inquiry Proceedings

In December 2014, the Bank received a show cause notice from the Enforcement Directorate alleging violation of certain provisions of Foreign Exchange Management Act. The Bank has responded to the same in January 2015; proceedings are yet to commence. The Bank, based on legal advice, believes that it has an arguable case and the chances of success are more likely than not. Hence no provision has been made in these financial statements.

(d) Breakup of Schedule 17 – Provisions and Contingencies

(₹ in 000s)

Particulars	**For the year ended 31-Mar-17**	**For the year ended 31-Mar-16**
Specific provisions against advances (net)	9,526,601	38,096,291
General provision against standard assets	(289,838)	(325,732)
Provision for Country Risk Exposure	–	–
Charge/(Release) against Investments	1,672,928	19,146
Provision on account of tax		
– Current tax expense	6,190,700	21,201,000
– Deferred tax	10,719,058	(20,047,630)
– MAT	(2,924,100)	–
Other provisions	(257,938)	401,794
Total provisions and contingencies	**24,637,411**	**39,344,869**

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of AS - 29, the Bank recognises a provision for material foreseeable losses and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources, a disclosure to this effect is made as contingent liabilities. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(e) Floating Provisions

The Bank does not have any floating provision as at 31 March 2017 (2015-16: Nil).

(xxxviii) Draw down from Reserves

During the year ended 31 March 2017, there has not been any draw down from the investment rerserve (2015-16: ₹ 46 million).

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxix) Retirement Benefits

(a) Defined Benefit Plans

Reconciliation of opening and closing balance of the present value of the defined benefit obligations for retirement benefits which includes total of pension, gratuity and compensated absences is given below:

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Changes in present value of defined benefit obligations		
Opening balance as at 01 April	2,611,049	2,373,852
Current service cost	86,505	87,627
Interest cost	186,314	174,759
Past service cost	79,591	160,477
Acquisition adjustment	(2,964)	21
Actuarial losses /(gains)	261,732	110,063
Benefits paid	(251,091)	(295,750)
Closing balance as at 31 March (A)	**2,971,136**	**2,611,049**
Changes in fair value of plan assets		
Opening balance as at 01 April	863,856	1,009,750
Expected return on plan assets	64,205	76,733
Contributions paid by the Bank	152,789	59,625
Acquisition adjustment	(2,964)	21
Benefits paid	(251,091)	(295,750)
Actuarial gains/(losses)	639	13,477
Closing balance as at 31 March (B)	**827,434**	**863,856**
Net liability recognised (B - A)	**(2,143,702)**	**(1,747,193)**

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Present value of defined benefit obligations as at 31 March	2,971,136	2,611,049
Fair value of plan assets as at 31 March	827,434	863,856
Funded status – Deficit	(2,143,702)	(1,747,193)
Unrecognised assets as per paragraph 59(b) of AS 15	–	–
Net liability recognised in Balance Sheet	**(2,143,702)**	**(1,747,193)**

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Components of employer's expense		
Current service cost	86,505	87,627
Interest cost	186,314	174,759
Expected return on assets	(64,205)	(76,733)
Past Service Cost	79,591	160,477
Net actuarial losses/(gains)	261,093	96,586
Effect of the limit in paragraph 59(b) of AS 15	–	–
Net cost recognised in the Profit and Loss Account	**549,298**	**442,716**

Key Assumptions	**31-Mar-17**	**31-Mar-16**
Discount rate	7.15%	7.85%
Expected return on plan assets	7.50%	7.50%
Salary escalation rate		
• Management Staff	7.00%	7.00%
• Non Management Staff	7.00%	6.50%

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xxxix) Retirement Benefits *(Continued)*

(a) Defined Benefit Plans *(Continued)*

Details of plan assets, defined benefit obligations and experience adjustments

(₹ in 000s)

	31–Mar–17	31–Mar–16	31–Mar–15	31–Mar–14	31–Mar–13
Plan assets	827,434	863,856	1,009,750	862,390	921,330
Defined benefit obligations	2,971,136	2,611,049	2,373,852	1,953,756	1,899,948
Amount not recognised as an asset (limit in para 59(b) of AS 15)	–	–	–	–	3,345
Deficit	(2,143,702)	(1,747,193)	(1,364,102)	(1,091,366)	(981,963)
Experience adjustment on plan assets	639	13,477	24,621	7,917	27,572
Experience adjustment on plan liabilities	88,162	14,488	12,795	93,215	37,418

The estimates of future salary increases in the actuarial valuation takes into consideration inflation, seniority, promotion and other relevant factors.

The major categories of plan assets as a percentage of total plan assets are as follows:

Category of Assets	As at 31-Mar-17	As at 31-Mar-16
Insurer managed funds	68%	77%
Government of India securities	11%	11%
Others (includes corporate bonds, special deposit scheme)	21%	12%
Total	**100%**	**100%**

(b) Defined Contribution Plans

The amount recognised as an expense for the Defined Contribution Plans is as under:

(₹ in 000s)

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Provident Fund	442,714	434,295
Superannuation Fund	33,574	37,962

(xl) Primary dealership

In line with the RBI circular IDMD.PDRD.01 /03.64.00/2015-16 dated 01 July 2015, the details pertaining to net borrowing in call money markets are as under:

For the year ended 31 March 2017

(₹ in 000s)

Particulars	Average net call borrowing	Maximum net call borrowing
Net Call Borrowing	–	–

For the year ended 31 March 2016

(₹ in 000s)

Particulars	Average net call borrowing	Maximum net call borrowing
Net Call Borrowing	–	–

(xli) Customer complaints and awards of Banking Ombudsman

In accordance with RBI circulars DBR.No.Leg.BC.21/09.07.006/2015-16 dated 01 July 2015 and DBOD.BP.BC.No.49/21.04.018/2013-14 dated 03 September 2013, details with respect to customer complaints and awards passed by the Banking Ombudsman are given below:

Customer complaints:

(₹ in 000s)

Particulars		For the year ended 31-Mar-17	For the year ended 31-Mar-16
(a)	No. of complaints pending at the beginning of the year	128	80
(b)	No. of complaints received during the year	20,396	19,427
(c)	No. of complaints redressed during the year	20,367	19,379
(d)	No. of complaints pending at the end of the year	157	128

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(1) Statutory Disclosures *(Continued)*

(xli) Customer complaints and awards of Banking Ombudsman *(Continued)*

Complaints received and resolved within 1 day are excluded in the numbers reported above.

Above include 8,452 complaints (previous year: 6,292 complaints) pertaining to cases of failed ATM transactions at other Bank's ATM's, reported vide aforementioned circular dated 03 September 2013.

Awards passed by the Banking Ombudsman:

(₹ in 000s)

	Particulars	**For the year ended 31-Mar-17**	**For the year ended 31-Mar-16**
(a)	No. of unimplemented awards at the beginning of the year	–	–
(b)	No. of awards passed by the Banking Ombudsman during the year	–	–
(c)	No. of awards implemented during the year	–	–
(d)	No. of unimplemented awards at the end of the year	–	–

(xlii) Letters of Comfort (LoC) issued

The Bank has not issued any LoC during the year (2015-16: Nil).

(xliii) Fees earned in respect of bancassurance business

(₹ in 000s)

Nature of income	**For the year ended 31-Mar-17**	**For the year ended 31-Mar-16**
For selling life insurance policies (including ULIPs)	367,149	263,623
For selling non-life insurance policies	64,666	56,957
Total	**431,815**	**320,580**

(xliv) Concentration of Deposits

₹ in 000s)

	As at 31-Mar-17	**As at 31-Mar-16**
Total deposits of twenty largest depositors	181,886,252	142,817,486
Percentage of deposits of twenty largest depositors to total deposits of the Bank	22.70%	18.99%

(xlv) Off – Balance Sheet Special Purpose Vehicles sponsored

The Bank has not sponsored any Special Purpose Vehicle (2015-16: Nil).

(xlvi) Factoring Services

The bank has receivables acquired under factoring amounting to ₹ 2,902 million as on 31 March 2017 (2015-16: ₹ 5,177 million)

(xlvii) Fraud

Disclosure is in accordance with RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated 18 April 2016

(₹ in 000s)

	For the year ended 31-Mar-17	**For the year ended 31-Mar-16**
Number of Frauds reported during the year	2,160	2,922
Amount involved in such frauds (net of recoveries)	118,521	114,987
Quantum of provision made during the year (including w/off)	118,521	114,987
Quantum of unamortised provision debited from 'other reserves' as at the end of the year	–	–

(2) Segment reporting

(i) Segment description

The Bank has disclosed its operations under the following segments:

Segment Definition	**Activities**
Treasury	Treasury activities include foreign exchange, fixed income, money market and derivative transactions.
Wholesale Banking	Local corporate financing, corporate advisory and all advances to trusts, partnership firms, companies and statutory bodies, which are not included under the "Retail Banking" segment, are reported under Wholesale Banking.
Retail Banking	Retail banking serves retail customers through the branch network and other delivery channels. This segment raises deposits from customers and makes loans and provides other services to such customers. This segment also includes activities relating to credit cards, debit cards, mortgage loans, third party product distribution and their associated costs. Exposures are classified under retail banking taking into account the orientation, product, granularity and individual exposure criteria.
Others	Others include Property and other items not allocable in the aforementioned segments.

The classification of exposures to the respective segments confirm to the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.04.018/2006-07 dated 18 April 2007 based on the information available for classification.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(2) Segment reporting *(Continued)*

(ii) Segment Accounting Policy

Segment results are determined after considering the following inter-unit notional charges/recoveries:

a. Fund Transfer Pricing:

Treasury gives notional interest benefit to other divisions for the funds mobilised by the latter through deposits, and similarly charge notional interest to other divisions for the funds utilised by them for lending and investment purposes. Based on tenor of assets/liabilities and market scenarios, Treasury calculates notional interest rates used for this purpose.

b. Premises Rental Chargeback:

Individual business segments are charged rent based on notional market values and the same is credited to 'Others' (Property) in respect of the premises occupied by them.

c. Support costs (costs pertaining to Finance, HR, Property, Legal & Compliance, etc.) are allocated to Treasury, Wholesale & Retail banking segments based on managements' estimates of the benefits accruing to these segments for the costs incurred. This is similar to the basis used for the internal management reporting.

d. Capital & Reserves and attributable earnings thereon are allocated to individual business segments based on period end Risk Weighted Assets.

(iii) Geographic Segments

As the Bank does not have any material earnings or assets originating outside India, the Bank is considered to operate only in the domestic segment.

(iv) Segment Reporting

For the year ended 31 March 2017

(₹ in 000s)

		Treasury	Wholesale Banking	Retail Banking	Others	Total
A.	Gross Segment Revenue	37,998,986	51,488,574	31,487,457	1,703,256	122,678,273
B.	Net Segment Revenue	27,930,266	29,283,481	22,286,268	784,744	80,284,759
C.	Net Segment Results	24,357,583	8,178,168	4,164,906	1,689,325	38,389,982
D.	Operating Profit	–	–	–	–	38,389,982
E.	Income Taxes	–	–	–	(13,985,658)	(13,985,658)
F.	Net Profit	–	–	–	–	24,404,324
G.	Segment Assets	655,644,719	443,234,902	269,121,104	81,887,414	1,449,888,139
H.	Segment Liabilities	424,376,623	602,012,645	398,569,457	24,929,414	1,449,888,139
I.	Capital Expenditure to acquire Fixed Assets	–	–	–	623,538	623,538
J.	Depreciation	–	–	–	712,737	712,737

For the year ended 31 March 2016

(₹ in 000s)

		Treasury	Wholesale Banking	Retail Banking	Others	Total
A.	Gross Segment Revenue	30,635,610	55,369,182	32,892,053	1,228,951	120,125,796
B.	Net Segment Revenue	17,771,590	35,171,270	24,648,714	993,553	78,585,127
C.	Net Segment Results	13,773,798	(12,437,696)	7,876,243	2,006,060	11,218,405
D.	Operating Profit	–	–	–	–	11,218,405
E.	Income Taxes	–	–	–	(1,153,370)	(1,153,370)
F.	Net Profit	–	–	–	–	10,065,035
G.	Segment Assets	548,202,493	435,963,745	248,370,812	66,082,094	1,298,619,144
H.	Segment Liabilities	332,351,845	512,878,134	436,440,676	16,948,489	1,298,619,144
I.	Capital Expenditure to acquire Fixed Assets	–	–	–	370,422	370,422
J.	Depreciation	–	–	–	811,212	811,212

(3) Penalties

a. During the year, no penalty was levied by RBI in exercise of powers under section 46(4) of the Banking Regulation Act, 1949 (2015-16: Nil).

b. RBI levied penalty of ₹ 67 (in 000s) (2015-16: ₹ 8 (in 000s)) for shortages/forged/soiled notes deposited by the Currency Chest branches.

c. RBI levied penalty of ₹ 10 (in 000s) (2015-16: Nil) for an instance of incorrect regulatory reporting under section 11(3) of the FEMA, 1999.

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(4) Related Party Disclosures

(i) The list of related parties as defined in AS 18 – Related Party Disclosures and the nature of their relationship with Standard Chartered Bank - India Branches are given below:

(a) Ultimate Parent Company

Standard Chartered Plc

(b) Parent Company

Standard Chartered Holding Ltd

(c) Head Office

Standard Chartered Bank, UK

(d) Branches of Head Office

- Standard Chartered Bank, USA
- Standard Chartered Bank, UK
- Standard Chartered Bank, Sri Lanka
- Standard Chartered Bank, Bahrain
- Standard Chartered Bank, Qatar
- Standard Chartered Bank, United Arab Emirates
- Standard Chartered Bank, Dubai International Financial Centre
- Standard Chartered Bank, Oman
- Standard Chartered Bank, Singapore
- Standard Chartered Bank, Korea
- Standard Chartered Bank, Japan
- Standard Chartered Bank, South Africa
- Standard Chartered Bank, Philippines
- Standard Chartered Bank, Bangladesh
- Standard Chartered Bank, Jordan
- Standard Chartered Bank, Indonesia
- Standard Chartered Bank, Germany
- Standard Chartered Bank, Labuan
- Standard Chartered Bank, Jersey
- Standard Chartered Bank, Brunei
- Standard Chartered Bank, Iraq
- Standard Chartered Bank, Vietnam
- Standard Chartered Bank, Australia
- Standard Chartered Bank, Italy
- Standard Chartered Bank, Malaysia

(e) Subsidiaries of Head Office (Standard Chartered Bank, UK)

- Standard Chartered Global Business Services Private Limited (Formerly SCOPE International Private Limited)
- St Helen's Nominees India Private Limited
- Standard Chartered Modelling and Analytics Centre Private Ltd (Formerly Standard Chartered (India) Wealth Advisory Services Private Ltd)
- Standard Chartered Bank (China) Limited
- Standard Chartered Bank (Hong Kong) Limited
- Standard Chartered Bank (Mauritius) Limited
- Standard Chartered Private Equity (Mauritius) Limited
- Standard Chartered Private Equity (Mauritius) II Limited
- Standard Chartered Private Equity (Mauritius) lll Limited
- Standard Chartered Bank (Pakistan) Limited
- Standard Chartered Bank (Taiwan) Limited
- Standard Chartered Bank (Thai) Public Company Limited
- Standard Chartered Bank Nepal Limited
- Standard Chartered Finance Limited
- Standard Chartered Investments and Loans (India) Limited
- Standard Chartered Bank Botswana Limited
- Standard Chartered Bank Ghana Limited
- Standard Chartered Bank Kenya Limited
- Standard Chartered Private Equity Advisory (India) Private Limited
- Standard Chartered Securities (India) Limited

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

(E) Notes to accounts *(Continued)*

(4) Related Party Disclosures *(Continued)*

(e) Subsidiaries of Head Office (Standard Chartered Bank, UK) *(Continued)*

- Standard Chartered Bank Malaysia Berhad
- Standard Chartered Bank Korea Limited
- Standard Chartered Strategic Brand Management Limited
- Standard Chartered Bank Sierra Leone Limited
- Standard Chartered Bank Nigeria Limited
- Standard Chartered Bank Cote D'lvoire
- Standard Chartered Bank (Vietnam) Limited
- Standard Chartered Bank (Singapore) Limited
- Standard Chartered Bank Cameroon S.A
- Standard Chartered Bank Gambia Limited
- Standard Chartered Financial Holdings
- Standard Chartered Bank Zimbabwe Limited
- Standard Chartered Infrastructure Growth fund Pte Limited
- Standard Chartered (Thailand) Company Limited
- Standard Chartered Bank Tanzania Limited
- Standard Chartered Bank Uganda Limited
- Standard Chartered Bank Zambia Plc
- FinVentures UK Limited
- Standard Chartered Real Estate Investment Holdings (Singapore) Private Limited

Note: Categories (d) and (e) above include only those related parties with whom transactions have occurred during the current/ previous year.

(f) Key Management Personnel

In accordance with the RBI circular DBR.BP.BC No.23/21.04.018/2015-16 dated 01 July 2015, only Ms. Zarin Daruwala, the Chief Executive Officer of the Bank falls under the category of key management personnel for the year 2016-17, hence, no disclosures are provided.

(ii) Transactions and balances

In line with the RBI circular DBR.BP.BC No.23/21.04.018/2015-16 dated 01 July 2015, related party disclosures exclude transactions in a category where there is only one related party (i.e. key management personnel) and where the Bank has an obligation under law to maintain confidentiality in respect of their customer transactions.

(₹ in 000s)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	For the year ended 31-Mar-17	For the year ended 31-Mar-16	For the year ended 31-Mar-17	For the year ended 31-Mar-16	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Leasing arrangements availed	–	–	–	–	18,288	30,401
Leasing arrangements provided	–	–	–	–	98,850	119,156
Purchase of Fixed Assets	–	–	–	–	236	931
Sale of Fixed Assets	–	–	–	–	–	105
Employee Share Options	–	–	205,455	345,444	–	–
Rendering of services	–	–	423,207	750,210	715,914	865,093
Receiving of services	–	–	106,872	88,083	3443,448	3,650,421
Interest Paid	–	–	313,272	182,379	332,231	201,663
Interest Received	–	–	134,060	34,807	79,416	163,745
Sale of foreign exchange	–		5,446,156,602	4,328,527,687	314,787,348	245,569,778
Purchase of foreign exchange	–	614,030	5,217,381,515	4,253,007,433	296,606,903	259,611,735
Fee and commission/other income	–	–	2,080,114	1,957,317	114,681	187,944
Service Fees received on Guarantees/LCs	–	–	47,304	14,383	172,297	35,766
Service Fees paid on Guarantees/LCs	–	–	45,476	22,230	6,089	3,947
Purchase of investments	–	–	30,229,690	21,908,802	7,384,593	16,637,064
Sale of investments	–	–	10,870,489	12,635,183	36,472,850	22,336,213

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

(E) Notes to accounts *(Continued)*

(4) Related Party Disclosures *(Continued)*

(ii) Transactions and balances *(Continued)*

(₹ in 000s)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31-Mar-17	Maximum Outstanding during the year	As at 31-Mar-17	Maximum Outstanding during the year	As at 31-Mar-17	Maximum Outstanding during the year
Lease Rentals Payable	–	–	–	–	–	5,148
Lease Rentals Receivable	–	–	–	–	–	31,530
Employee Share Options	–	–	(266,507)	(550,314)	–	–
Borrowings	–	–	(32,749,250)	(28,560,000)	–	–
Deposit/Vostros	–	–	(9,030,809)	(16,701,942)	(7,665,654)	(18,605,771)
Placements	–	–	15,564,000	26,612,625	–	–
Advances	–	–	–	–	–	14,00,000
Nostro/Bank Balances	–	–	396,025	17,785,319	28,803	582,062
Derivative Notional & Trade Contingents*	–	–	1,696,804,837	1,899,632,420	30,170,700	43,499,448
Sundry Balances (Net)*	–	–	1,201,983	1,168,700	(405,846)	(5,426,849)
Positive MTM*	–	–	14,578,190	22,579,008	1,637,548	1,637,548
Negative MTM*	–	–	(28,843,176)	(31,874,157)	(69,842)	(70,069)

(₹ in 000s)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31-Mar-16	Maximum Outstanding during the year	As at 31-Mar-16	Maximum Outstanding during the year	As at 31-Mar-16	Maximum Outstanding during the year
Lease Rentals Payable	–	–	–	–	(715)	(5,195)
Lease Rentals Receivable	–	–		–	13,660	22,107
Employee Share Options	–	–	(494,023)	(800,027)	–	–
Borrowings	–	–	(21,201,600)	(50,904,000)	–	–
Deposit/Vostros	–	–	(1,691,585)	(7,015,661)	(12,890,494)	(21,165,111)
Placements	–	–	16,563,750	32,576,213	–	–
Advances	–	–	–	–	1,400,000	2,000,000
Nostro/Bank Balances	–	–	1,735,829	11,896,016	243,120	564,015
Derivative Notional & Trade Contingents*	–	–	1,703,998,547	1,875,702,651	4,654,580	37,976,050
Sundry Balances (Net)*	–	–	736,179	1,198,352	(1,267,989)	(1,296,749)
Positive MTM*	–	–	18,769,112	25,050,448	1,018	740,404
Negative MTM*	–	–	(31,809,160)	(40,774,689)	(29,393)	(229,547)

Figures in bracket denotes payable

* Figures indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month-end.

(iii) Material related party transactions are given below:

The following were the material transactions between the Bank and its related parties for the year ended 31 March 2017. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

Leasing Arrangements

For availing leasing service - payment of rent to Standard Chartered Global Business Services Private Limited ₹ 18 million (2015-16: ₹ 20 million).

For providing leasing services - receipt of rent from Standard Chartered Finance Limited ₹ 38 million (2015-16: ₹ 50 million), Standard Chartered Securities (India) Limited ₹ 34 million (2015-16: ₹ 38 million) and Standard Chartered Private Equity Advisory (India) Private Limited ₹ 17 million (2015-16: ₹ 20 million).

Purchase of Fixed Assets

During the year the Bank purchased fixed asset from Standard Chartered Securities (India) Limited ₹ 0.2 million (2015-16: ₹ 0.1 million).

Rendering of Services

During the year the Bank provided secondment, amenities and other services to related parties. The material transactions were with Standard Chartered Private Equity Advisory (India) Private Limited, ₹ 401 million (2015-16: ₹ 400 million) Standard Chartered Investment and Loans (India) LImited , ₹ 137 million (2015-16: ₹ 87 million) and Standard Chartered Bank, Singapore ₹ 376 million (2015-16: ₹ 714 million).

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

(E) Notes to accounts *(Continued)*

(4) Related Party Disclosures *(Continued)*

(iii) Material related party transactions *(Continued)*

Receiving of Services

During the year the Bank availed of back office support, brokerage, marketing and other services from related parties. The material transactions were back office support services from Standard Chartered Global Business Services Private Limited ₹ 3,107 million (2015-16: ₹ 2,684 million).

Interest Paid

Interest on money market borrowings to Head Office ₹ 141 million (2015-16: ₹ 150 million), Standard Chartered Bank, Japan ₹ 122 million (2015-16: Nil), Standard Chartered Bank, Vietnam ₹ 101 million (2015-16: ₹ 18 million), Standard Chartered Bank, Nepal ₹ 94 million (2015-16: ₹ 9 million) and interest on Fixed Deposit to Standard Chartered Global Business Services Private Limited is ₹ 91 million (2015-16: ₹ 124 million).

Interest Received

Interest on term loan to Standard Chartered Investments & Loans Limited ₹ 76 million (2015-16: ₹ 160 million) and interest on money market lending to Head Office ₹ 111 million (2015-16: ₹ 25 million).

Foreign Exchange Transactions

Sale of foreign currencies to Head Office ₹ 3,164,666 million (2015-16: ₹ 3,124,656 million) and Standard Chartered Bank, Singapore ₹ 1,880,612 million (2015-16: ₹ 827,388 million).

Purchase of foreign currencies from Head Office ₹ 3,222,115 million (2015-16: ₹ 3,123,666 million) and Standard Chartered Bank, Singapore ₹ 1,601,776 million (2015-16: ₹ 768,918 million).

Fee and Commission Income/Other Income

Receipt of fees from Head Office ₹ 950 million (2015-16: ₹ 1,533 million) and Standard Chartered Bank, Singapore ₹ 727 million (2015-16: ₹ 351 million).

Service Fees on Guarantees & Letters of Credit

Receipt of trade fees from Standard Chartered Bank, Kenya Ltd ₹ 116 million (2015-16: ₹ 3 million) and Standard Chartered Bank, Thailand ₹ 28 million (2015-16: ₹ 0.03 million)

Payment of trade fees to Standard Chartered Bank, UAE ₹ 29 million (2015-16: ₹ 5 million) and Standard Chartered Bank, Bangladesh ₹ 6 million (2015-16: ₹ 4 million).

Purchase and Sale of Investments

Purchase of investments from Standard Chartered Bank (Mauritius) Limited ₹ 7,384 million (2015-16: ₹ 16,637 million) and Standard Chartered Bank, Singapore ₹ 30,230 million (2015-16: ₹ 21,909 million).

Sale of investments to Standard Chartered Bank, Singapore ₹ 10,870 million (2015-16: ₹ 12,635 million) and Standard Chartered Bank (Mauritius) Limited to ₹ 36,473 million (2015-16: ₹ 22,336 million).

(5) Leases

Commercial and residential premises are taken on operating leases, which are cancellable in nature. Information provided herein pertains to premises taken/given on operating leases:

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Lease payments recognised in the Profit and Loss Account in respect of operating leases	860,082	939,554

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Assets given on lease – Premises		
Gross carrying amount	1,121,835	1,180,263
Accumulated depreciation	48,037	42,135
Depreciation charge for the year	6,829	6,868

- There are no provisions relating to contingent rent
- The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements
- There are no undue restrictions or onerous clauses in the agreements
- Initial direct costs for leases given are recognised as an expense in Profit and Loss Account

Schedules to the financial statements for the year ended 31 March 2017 *(Continued)*

E) Notes to accounts *(Continued)*

(6) Disclosure under Micro, Small & Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') on the basis of confirmation sought from suppliers on registration with specified authority under MSMED:

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Number of suppliers registered with competent authorities	–	–
Principal amount remaining unpaid to any supplier as at the year end	–	–
Interest due thereon	–	–
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	–	–
Amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	–	–
Amount of interest accrued and remaining unpaid at the year end	–	–

(7) Deferred Tax

The deferred tax charge of ₹ 10,719 million for the year ended 31 March 2017 (2015-16: ₹ 20,048 million credit) is included in provision on account of tax under Schedule 17- Provisions and Contingencies.

The primary components that gave rise to deferred tax assets and liabilities included in the balance sheet are as follows:

(₹ in 000s)

	As at 31-Mar-17	As at 31-Mar-16
Deferred tax assets		
Provision for Advances	37,793,854	44,386,119
Depreciation	256,410	292,094
Disallowances under section 43B of Income Tax Act 1961	1,108,471	990,969
Others	382,201	4,590,812
Deferred tax assets	**39,540,936**	**50,259,994**
Deferred tax liabilities	**(630,081)**	**(630,081)**
Net deferred tax assets	**38,910,855**	**49,629,913**
Charge/(credit) for the year	**10,719,058**	**(20,047,630)**

(8) Amount of Provisions made for Income Tax during the year

(₹ in 000s)

	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Provision for Income Tax (excluding Wealth Tax)	6,190,700	21,201,000

(9) Portfolio Purchase

The Bank has purchased loans (retail loans) amounting to ₹ 510 million (2015-16: ₹ 5,287 million) from various NBFCs, banks and other institutions.

(10) Disclosure on remuneration

The Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of the RBI Circular No. DBOD No.BC.72/29.67.001/2011-12 dated 13 January 2012, the Regional Office of the Bank has submitted a declaration to RBI confirming the aforesaid matter.

(11) Employee Share Based Payment

The eligible employees of the Bank have been granted stock awards as equity shares of the ultimate holding company, SCPLC, under various share schemes such as Restricted Share Award (RSA), Deferred Restricted Share Award (DRSA), Performance Share Award (PSA), Sharesave Plan, etc.

During the year, the Bank has recognised an amount of ₹ 205 million (2015-16: ₹ 345 million) under the head 'Payments to and Provisions for Employees', as cost on account of share-based payments under Schedule 16 – Operating Expenses.

(12) Specified Bank Notes

The Bank believes that the MCA notification G.S.R. 308(E) dated March 30, 2017 regarding holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 is not applicable to banking companies.

(13) Prior Year Comparatives

Previous year figures have been reclassified or regrouped wherever necessary to conform to the current year's presentation.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-
Manoj Kumar Vijai
Partner
Membership No. 046882

Mumbai
26 May 2017

For Standard Chartered Bank – India Branches

Sd/-
Zarin Daruwala
Chief Executive Officer – India

Subhradeep Mohanty
Chief Financial Officer - India

Standard Chartered

Standard Chartered Bank – India Branches

(Incorporated in the United Kingdom with limited liability)

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017

1. Background

The Standard Chartered Group (SCB Group or the Group) is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. Standard Chartered Bank is regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom (UK).

SCB India (SCBI or the Bank) is a branch of Standard Chartered Bank UK, which is part of the SCB Group. The ultimate parent company of the Bank is Standard Chartered PLC, which is listed on the London Stock Exchange and the Stock Exchanges of Hong Kong and India. Indian branch operations are conducted in accordance with the banking license granted by the Reserve Bank of India (RBI) under the Banking Regulation Act 1949.

2. Overview

The Basel Committee on Banking Supervision published a framework for International Convergence of Capital Measurement and Capital Standards (commonly referred to as Basel II), which replaced the original 1988 Basel I Accord. The RBI adopted the same in March 2008. The Basel III implementation schedule for India has commenced from 1 April 2013 and is phased in through to 31 March 2019. Accordingly, for 31 Mar 2017 reporting purposes, the Bank has calculated its Pillar 1 capital requirement based on Basel III norms.

Basel II/III is structured around three "pillars" which are outlined below:

- Pillar 1 sets out minimum regulatory capital requirements – the minimum amount of regulatory capital banks must hold against the risks they assume;
- Pillar 2 sets out the key principles for supervisory review of a bank's risk management framework and its capital adequacy. It sets out specific oversight responsibilities for the Board and senior management, thus reinforcing principles of internal control and other corporate governance practices; and
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

Basel II/III provides three approaches of increasing sophistication to the calculation of credit risk capital; the Standardised Approach (SA), the Foundation Internal Ratings Based Approach and the Advanced Internal Ratings Based Approach (IRB). Basel II also introduced capital requirements for operational risk (OR) for the first time.

3. DF 1 - Scope of Application

Name of the head of the banking group to which the framework applies: <u>Standard Chartered Bank India Branches</u>

<u>DF 1 - Qualitative Disclosures</u>

3.1. Pillar 1

The SCB Group and local management of the Indian operations recognise that Basel II/III is a driver for continuous improvement of risk management practices and believe that adoption of leading risk management practices are essential for achieving its strategic intent. Accordingly, the Group has adopted the IRB model for the measurement of credit risk covering substantial majority of the portfolio. The Group applies Internal Model Approval model for market risk capital and the Standardised Approach for determining its OR capital requirements. SCBI has adopted RBI's prevailing Basel II/III regulations related to SA for credit and market risk and Basic Indicator Approach (BIA) for OR for computing local regulatory Pillar 1 capital.

3.2. Pillar 2

Pillar 2 requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available. This risk and capital assessment is commonly referred to as an Internal Capital Adequacy Assessment Process (ICAAP). The range of risks that need to be covered by the ICAAP is much broader than Pillar 1, which covers only credit risk, market risk and OR.

The Group has developed an ICAAP framework which closely integrates the risk management and capital assessment processes and ensures that adequate levels of capital are maintained to support the current and projected demand for capital under expected and stressed conditions. The ICAAP framework has been designed to be applied consistently across the organisation to meet the Pillar 2 requirements of local regulators. As a branch of a foreign bank in India, the India ICAAP is largely based on the Group ICAAP framework, so as to maintain consistency in reporting of the risk and capital management aspects. However, wherever necessary, local customisation has been incorporated to align with the RBI requirements.

3.3. Pillar 3

Pillar 3 aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk management practices. The Bank has implemented the requirements laid down by RBI for Pillar 3 disclosure, covering both the qualitative and quantitative items. These are also published in the Bank's annual report and hosted on the Bank's website.

The risk related disclosures and analysis provided herein below, are primarily in the context of the disclosures required under the RBI's Pillar 3 – Market Discipline of the Basel III Capital Regulations and are in respect of SCBI, except where required and specifically elaborated, to include other Group entities operating in India. The information provided has been reviewed by senior management and is in accordance with the guidelines prescribed by the RBI.

3.4. Accounting and Prudential Treatment / Consolidation Framework

The consolidation norms for accounting are determined by the prevailing Indian Generally Accepted Accounting Principles (GAAP). The regulatory requirements are governed by RBI guidelines. The differences between consolidation for accounting purposes and regulatory purposes are mainly on account of following reasons:

1) Control over other entities to govern the financial and operating policies of the subsidiaries or joint ventures

   As per Indian GAAP, existence of control/joint control to govern the financial and operating policies of the subsidiary or joint venture is necessary for accounting consolidation. However, certain entities such as Non Banking Finance Companies (NBFC) have to be consolidated for regulatory capital adequacy purposes even where the above requirement is not fulfilled. Such cases are where the ability to control financial and operating policies of the entities legally vests with the Parent or Group entities and not with the India branch operations.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

2) Nature of business of the entities to be consolidated

As per Indian GAAP, subsidiaries are not excluded from consolidation because of dissimilar nature of business activities between subsidiary and other entities within the Group. However, RBI regulations do not require consolidation of entities engaged in insurance business and businesses not pertaining to financial services.

3) Method of consolidation

The accounting consolidation methodology requires 'line by line' consolidation and elimination of all inter-group balances. However, for the purpose of regulatory consolidation under the capital adequacy framework, the risk weighted assets (RWA) and capital requirements for each entity can be computed separately by applying the Basel II/III norms as applicable for a bank and simply added together with that of the lead bank in the consolidated group. The Bank has adopted the latter approach for consolidation of entities for limited purpose of capital adequacy framework, as the accounting consolidation method is not appropriate considering the legal ownership pattern of the consolidated entities.

List of group entities considered for consolidation for regulatory purposes is summarised below:

Name of the Entity / Country of Incorporation	Whether the Entity Is Included Under Accounting Scope of Consolidation (Yes/No)	Explain the Method of Consolidation	Whether the Entity Is Included Under Regulatory Scope of Consolidation (Yes/No)	Explain the Method of Consolidation	Explain the Reasons for Difference in the Method of Consolidation	Explain the Reasons if Consolidated under Only One of the Scopes of Consolidation
Standard Chartered Bank India Branches	Yes	Full	Yes	For the purpose of regulatory consolidation under the capital adequacy framework, the RWA and capital requirements for each entity can be computed separately by applying the Basel II/III norms as applicable for a bank and simply added together with that of the lead bank in the consolidated group. The Bank has adopted the latter approach for consolidation of entities for limited purpose of capital adequacy framework, as the accounting consolidation method is not appropriate considering the legal ownership pattern of the consolidated entities.		
Standard Chartered Investments and Loans (India) Limited	No	Not Applicable	Yes			
Standard Chartered Securities (India) Limited	No	Not Applicable	Yes			
St. Helen's Nominees India Private Limited	No	Not Applicable	Yes			

List of group entities in India not considered for consolidation both under the accounting and regulatory scope of consolidation:

(₹ in 000s)

Name of the Entity/Country of Incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in of the total equity	Regulatory treatment bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Standard Chartered Global Business Services Private Limited	The company renders the following services to related parties: a) Software development, maintenance & support b) Back office transaction processing and data processing of various banking transactions c) IT support d) Voice call centre services	83,120	0%	Not Applicable	13,183,222
Standard Chartered Finance Limited	Marketing services of financial products of Standard Chartered Bank and its Home Assist division provides search and other property related services.	71,907	0%	Not Applicable	816,786
Standard Chartered (India) Modeling and Analytics Centre Private Limited.	The company is a captive knowledge process outsourcing company which provides robust and contemporary analytical solutions to the Bank's businesses across the globe for the purpose of risk management and capital management.	500,000	0%	Not Applicable	645,269
Standard Chartered Private Equity Advisory (India) Private Limited	The company is a research unit for Merlion India Fund carrying on activities of industry research and advice by furnishing industry and market feedback.	24,000	0%	Not Applicable	371,439

Note: The above data is as per latest unaudited results as at 31 March 2017.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

DF 1 - Quantitative Disclosures

List of group entities considered for regulatory consolidation:

(₹ in 000s)

Name of the Entity/ Country of Incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Standard Chartered Bank, India Branches	Banking and Financial services	74,400,742	1,449,888,139
Standard Chartered Investments and Loans (India) Limited	Financial services acceptable for NBFC, other than accepting public deposits eg. lending, investments, etc.	4,543,850	19,191,525
Standard Chartered Securities (India) Limited	Category I merchant banker, rendering brokering services to retail clients and depository services	2,818,557	2,574,026
St. Helen's Nominees India Private Limited	Nominee business – holding shares/ debentures in limited companies on behalf of SCBI and its clients. Security trusteeship business for SCBI.	100	25,178

Note: The above data is as per unaudited results as at 31 Mar 2017 for two group controlled entities.

The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation, i.e., that are deducted and the name(s) of such subsidiaries.	NIL
The aggregate amounts (e.g., current book value) of the bank's total interests in insurance entities, which are risk-weighted, as well as, their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction.	NIL
Any restrictions or impediments on transfer of funds or regulatory capital within the banking group.	As per extant RBI guidelines

4. DF 2 - Capital Adequacy

DF 2 - Qualitative Disclosures

4.1. Objectives

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

4.2. Approach

Strategic, business and capital plans are drawn up annually covering a one to five year horizon. The plans ensure that adequate levels of capital and an optimum mix are maintained by the Bank to support its strategy. This is integrated with the Bank's annual planning process which takes into consideration business growth assumptions across products and the related impact on capital resources.

The capital plan takes the following into account:

- Regulatory capital requirements and assessment of future standards;
- Demand for capital due to business growth, market stresses and potential risks; and
- Available supply of capital and capital raising options.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment at an overall Group level. The Bank also considers additional risk types other than those considered under Pillar 1 as part of its ICAAP. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined.

Stress testing and scenario/sensitivity analysis are used to assess the Bank's ability to sustain operations during periods of extreme but plausible events. They provide an insight into the potential impact of significant adverse events on the Bank's earnings, risk profile and capital position and how these could be mitigated.

The capital that the Bank is required to hold by the RBI is mainly determined by its balance sheet, off-balance sheet and market risk positions, after applying collateral and other risk mitigants.

4.3. Governance

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. At a country level, capital is maintained on the basis of the local regulator's requirements. It is overseen by the country Asset and Liability Committee (ALCO), which is responsible for managing the country balance sheet, capital and liquidity, with the active support and guidance from Group ALCO (GALCO), Operational Balance Sheet Committee (OBSC) and Group Treasury (GT). The responsibility of capital management has been assigned to a dedicated sub-group of ALCO, the Capital Management Forum (CMF). The capital management process is governed by the Capital Planning Framework.

Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios in all legal entities. These processes are designed to ensure that each entity and the consolidated Bank have sufficient capital available to meet local regulatory capital requirements at all times.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

4.4. Mobility of Capital Resources

The Bank operates as a branch in India, hence under current RBI regulations it cannot raise capital externally. The Group's policy in respect of profit repatriation requires that each local entity should remit its profits that are considered surplus to local regulatory minimum requirements. The amount to be remitted/injected and the mix/mode of capital (CET 1 v/s Tier 2) is determined in conjunction with GT, after taking into account local capital adequacy regulations (inclusive of any regulatory buffers), anticipated changes to those regulations, forecast organic growth and Head Office (HO) return expectations.

4.5. Capital Structure

CET 1/Tier 1 capital mainly comprises of:

i) Capital funds injected by HO.
ii) Net profits of each year retained as per statutory norms (currently 25%).
iii) Remittable net profits retained in India for meeting regulatory capital requirements.
iv) Capital reserves created out of profits on account of sale of immovable properties and held to maturity investments, as per RBI regulations.

The above are not repatriable/distributable to HO as long as the Bank operates in India.

Tier 2 capital mainly comprises of:

i) 45% of reserve created on revaluation of immovable properties in accordance with the Indian GAAP.
ii) General provisions on standard (performing) assets created as per RBI regulations.
iii) Reserve created out of unrealised gain on revaluation of investments as per RBI regulations.

DF 2 - Quantitative Disclosures

Capital and RWA

Capital and risk weighted assets

As at 31 Mar 2017 **(₹ in 000s)**

	Solo bank*	**Consolidated bank***
Tier 1 Capital :	**223,021,585**	**233,134,561**
Common Equity Tier I	**223,021,585**	**233,134,561**
Head Office Capital	74,400,742	74,400,742
Paid up capital	–	7,362,507
Eligible reserves	164,395,143	166,495,396
Benefit of DTA	–	–
Prudential valuation adjustments	(730,088)	(730,088)
Intangible assets (excluding DTA)	(11,668)	(134,323)
Other regulatory adjustments	(110)	(110)
DTA deduction (Net of Benefit)	(15,032,433)	(14,259,563)
Additional Tier I	–	–
Tier 2 Capital :	**10,260,387**	**10,316,221**
Eligible revaluation reserves	2,595,811	2,595,811
General provision and other eligible reserves/provisions	7,664,576	7,720,410
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year Rs. Nil)	–	–
Less: Amortisation of qualifying subordinated debts	–	–
Other regulatory adjustments	–	–
Total capital base	**233,281,972**	**243,450,782**
Minimum regulatory capital requirements		
Credit risk	123,933,307	126,015,693
Standardised approach portfolios	97,415,963	99,288,197
Securitisation exposures	1,839,037	1,839,037
Counterparty/settlement risks	19,305,662	19,305,662
Benefit of DTA	5,372,645	5,582,797
Market risk - Standardised duration approach	**11,441,902**	**11,449,777**
Interest rate risk	10,793,848	10,793,848
Foreign exchange risk (including gold)	613,474	613,474
Equity risk	34,580	42,455
Counterparty/settlement risks	–	–
Operational risk - Basic indicator approach	**14,080,620**	**14,403,421**
Total minimum regulatory capital requirements	**149,455,829**	**151,868,891**
Risk weighted assets and contingents		
Credit risk	1,377,036,740	1,400,174,370
Market risk (including counterparty/settlement risks)	127,132,247	127,219,745
Operational risk - Basic indicator approach	156,451,330	160,038,006
Total Risk weighted assets and contingents	**1,660,620,317**	**1,687,432,121**

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

Capital ratios		
Common Equity Tier 1 capital	13.43%	13.82%
Tier 1 capital	13.43%	13.82%
Tier 2 capital	0.62%	0.61%
Total capital	**14.05%**	**14.43%**

Capital and risk weighted assets

As at 31 Mar 2016 **(₹ in 000s)**

	Solo bank*	Consolidated bank*
Tier 1 Capital:	**205,829,098**	**215,362,613**
Common Equity Tier I	**205,829,098**	**215,362,613**
Head Office Capital	74,400,742	74,400,742
Paid up capital	–	7,362,507
Eligible reserves	158,294,060	159,748,538
Benefit of DTA	–	–
Prudential valuation adjustments	(482,341)	(482,341)
Intangible assets (excluding DTA)	(18,032)	(51,201)
Other regulatory adjustments	(3,095)	(3,095)
DTA deduction (Net of Benefit)	(26,362,236)	(25,612,535)
Additional Tier I	–	–
	–	–
Tier 2 Capital :	**10,434,203**	**10,457,358**
Eligible revaluation reserves	2,628,842	2,628,842
General provision and other eligible reserves/provisions	7,805,361	7,828,516
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year Rs. Nil)	–	–
Less: Amortisation of qualifying subordinated debts	–	–
Other regulatory adjustments	–	–
Total capital base	**216,263,300**	**225,819,971**
Minimum regulatory capital requirements		
Credit risk	132,453,467	133,778,641
Standardised approach portfolios	99,096,724	100,210,208
Securitisation exposures	1,975,160	1,975,160
Counterparty/settlement risks	25,774,073	25,774,073
Benefit of DTA	5,607,510	5,819,200
Market risk - Standardised duration approach	**13,005,786**	**13,009,621**
Interest rate risk	12,299,127	12,299,127
Foreign exchange risk (including gold)	650,700	650,700
Equity risk	55,959	59,794
Counterparty/settlement risks	–	–
Operational risk - Basic indicator approach	**15,128,360**	**15,546,858**
Total minimum regulatory capital requirements	**160,587,613**	**162,335,120**
Risk weighted assets and contingents		
Credit risk	1,373,998,625	1,387,745,236
Market risk *(including counterparty/settlement risks)*	134,914,792	134,954,572
Operational risk - Basic indicator approach	156,933,192	161,274,458
Total Risk weighted assets and contingents	**1,665,846,609**	**1,683,974,266**
Capital ratios		
Common Equity Tier 1 capital	12.36%	12.79%
Tier 1 capital	12.36%	12.79%
Tier 2 capital	0.62%	0.62%
Total capital	**12.98%**	**13.41%**

* Solo Bank represents the main licensed bank of the Group in India and consolidated bank includes Group controlled entities operating in India and consolidated for the limited purpose of capital adequacy framework.

5. **Risk Management**

The Bank has a strong governance culture and framework for risk management. The Bank's risk management principles align with those established at a Group level, and are customised to meet the local regulatory requirements. One of the main risks incurred arises from extending credit to clients through trading and lending operations. Beyond credit risk, the Bank is also exposed to a range of other risk types such as market, operational, liquidity, pension, country cross border, reputational, strategic and other risks that are inherent to its strategy, product range and geographical coverage.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

5.1. Risk Management Framework

The Bank adds value to clients and generates returns for shareholders by taking and managing risk in line with strategy and risk appetite. Risk management is the set of end-to-end activities through which the Bank makes risk-taking decisions and controls and optimises its risk-return profile. It is a Bank-wide activity and starts right at the front-line.

The management of risk lies at the heart of the Bank's business, as a central role of the Bank is to "warehouse" risk by extending credit to selected clients and to provide products which enable clients to lay off their price and liquidity risks to the Bank. Effective risk management is a central part of the financial and operational management of the Bank and fundamental to its ability to generate profits consistently and maximise the interest of its shareholders and other stakeholders.

The foundation of all risk assessment is aligned to the Group's Risk Management Framework ("RMF") and governance structure which has been adopted locally. The Group's RMF establishes common principles and standards for the management of and control of all risks, and to inform behaviour across the organisation. The core components of the RMF include its risk classifications, risk principles and standards, definitions of roles and responsibilities and governance structure. Under this framework, there are three lines of defence.

- The First Line of Defence is that all employees are required to ensure the effective management of risks within the scope of their direct organisational responsibilities.
- The Second Line of Defence comprises the Risk Owners ("ROs") supported by their respective control functions. They are responsible for ensuring that the residual risks within the scope of their responsibilities remain within appetite.
- The Third Line of Defence comprises the independent assurance provided by the GIA function, which has no responsibilities for any of the activities it examines. GIA provides independent assurance of the effectiveness of management's control of its own business activities (the First Line) and of the processes maintained by the Risk Control Functions (the Second Line). As a result, GIA provides assurance that the overall system of control effectiveness is working as required within the RMF.

5.2. Risk Governance

The Group's committee governance structure ensures that risk-taking authority and risk management policies are cascaded down from the GALCO and Group Chief Risk Officer to the appropriate functional and divisional committees. Information regarding material risk issues and compliance with policies and standards is communicated through the business and functional committees up to the Group-level committees, as appropriate.

The Country Management Team (CMT) drives and executes the business and governance agenda bringing alignment across the business and the functions so as to maximise and protect the value of the Group's operations in India. It is responsible for the overall strategic direction of the Bank. It is chaired by Country Chief Executive Officer (CEO) and comprises senior executive members of the Bank.

The following committees are the primary committees with oversight of risk and capital for the Bank:

1. ALCO – responsible for the management of capital and liquidity and the establishment of and compliance with policies relating to balance sheet management, including management of the Bank's liquidity and capital adequacy. It includes the CEO, Chief Financial Officer (CFO), Country Chief Risk Officer (CCRO) and members from the businesses and the economist.
2. Country Risk Committee (CRC) – responsible for the effective management of risks in support of business strategy within the boundaries set by the CMT and business level risk committees. It is responsible for implementing the RMF, including assignment of the roles and responsibilities of ROs locally. It is also responsible for ensuring that the risk exposures for all types of risks, including liquidity risk, remain within the overall risk appetite and within any specific boundaries advised by CMT and business risk committees. It includes the CEO, CCRO, CFO and members from the businesses and compliance.

Key sub-committees/forums include:

A. The Liquidity Management Forum (LMF) is a sub-group of the ALCO which manages liquidity. It includes members from Finance, Asset Liability Management (ALM) and the businesses.

B. The CMF is a sub-group of the ALCO which manages capital. It includes members from Finance, Risk and the businesses.

C. The Stress Test Forum (STF) is a sub-committee of the CRC which is responsible for reviewing the results of ongoing stress testing including for ICAAP. It includes members from the Finance and Risk functions and the Country Economist.

D. The Country Operational Risk Committee (CORC) is a sub-committee of the CRC which exercises oversight of the Bank's OR exposures to ensure that it is aligned with the Bank's RMF. The CORC reviews the Bank's significant risk exposures and ensures appropriateness and adequacy of mitigating action plans.

E. The Credit Issues Committee (CIC) is a sub-committee of the CRC which is responsible for identifying and monitoring corporate clients which show potential signs of weakness and/or may be exposed to higher risks. The CIC reviews the existing Early Alert, Retail and Group Special Assets Management (GSAM) portfolio and new accounts presented to the committee.

5.3. The Risk function

The CCRO manages the Risk function which is independent of the businesses. The role of the Risk function is:

- To maintain the RMF, ensuring it remains appropriate to the Bank's activities and is effectively communicated and implemented across the Bank and for administering related governance and reporting processes.
- To uphold the integrity of the Bank's risk/return decisions, and in particular for ensuring that risks are properly assessed, that risk/return decisions are made transparently on the basis of this proper assessment, and are controlled in accordance with its standards and risk appetite.
- To exercise direct risk control ownership for credit, market, country cross-border, liquidity and operational risk types.

The Risk function is independent of the origination, trading and sales functions to ensure that the necessary balance in risk/return decisions is not compromised by short-term pressures to generate revenues. This is particularly important given that most revenues are recognised immediately while losses arising from risk positions only manifest themselves over time.

In addition, the Risk function is a centre of excellence that provides specialist capabilities of relevance to risk management processes in the wider organisation.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

5.4. Risk Appetite/Tolerance

The Group/Bank manages its risks to build a sustainable franchise in the interests of all stakeholders. The Group Risk Tolerance Statement is the Standard Chartered PLC's Board of Directors' articulation of the amount of risk that the Group is willing to take in the pursuit of its strategic goals. The Risk Tolerance benchmarks provide a lens to identify risks and concentrations that may cause the Group to exceed its risk appetite. Within the Bank, these risks and concentrations are addressed and governed by various policies and frameworks (eg. RMF, Local Lending Policy, Liquidity Risk Framework, etc) which contain specific limits and parameters (i.e., risk thresholds) to manage them. A consolidation of the key thresholds is monitored on an on-going basis through the India RMF.

5.5. Stress Testing

Stress testing and scenario analysis are used to assess the Bank's ability to maintain operations during periods of severe but plausible stress conditions and to simulate the set of feasible management mitigating actions and their impact on the Bank's earnings, risk profile and capital position, should such conditions materialise. These conditions may arise from economic, liquidity, legal, political or physical events, or from materialisation of risks that are unique to the Bank.

The stress testing framework is designed to:

- Contribute to the setting and monitoring of the Bank's ability to take risk;
- Identify the key risks to strategy, financial position and reputation;
- Support the development of mitigating actions and contingency plans;
- Ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing;
- Inform senior management; and
- Ensure adherence to regulatory requirements.

A Group level equivalent of STF, led by the Risk function with participation from the businesses, Group Finance, Global Research and GT, aims to ensure that the earnings and capital implications of specific stress scenarios are fully understood allowing informed mitigation actions and construction of contingency plans. This group forum generates and considers pertinent and plausible scenarios that have the potential to adversely affect the Group/Bank's business.

The India STF leverages on work done by Group and, in addition, reviews scenarios specific to the local context, including for ICAAP. Stress tests/impact analysis done in India during 2016-17 included RBI mandated bottom-up stress test and derivatives portfolio stress test, liquidity and price risk stress tests, etc.

6. DF 3 - Credit Risk: General disclosures

<u>DF 3 - Qualitative Disclosures</u>

Credit risk is the potential for loss due to the failure of counterparty to meet its obligations to pay the Bank in accordance with agreed terms. Credit exposures may arise from both, the banking and trading books.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators who are in the business units and approvers in the risk function. All credit exposure limits are approved within a defined credit approval authority framework.

6.1. Credit Policies

Group-wide credit policies and standards are considered and approved by the Group Risk Committee (GRC), which also oversees the delegation of credit approval and loan impairment provisioning authorities. Policies and procedures specific to each business are established and provide the outline for how credit risk should be monitored and managed in the Bank. These Group policies/procedures are customised locally to incorporate any local regulatory and governance needs.

6.2. Credit Assessment Process

For Corporate and Institutional (C&I) Clients

A pre-sanction appraisal is carried out by the relationship manager through a Business Credit Application (BCA). BCAs are reviewed and duly approved by the credit officer based on the authority delegation given to him. Every account is graded using an alphanumeric grading system for quantifying the risks associated with the counterparty. The grading is based on a Probability of Default (PD) measure, with clients analysed against a range of quantitative and qualitative measures. The numeric grades run from 1 to 14 and some of the grades are further sub-classified A, B or C. Lower credit grades are indicative of a lower likelihood of default. Credit grades 1A to 12C are assigned to performing clients or accounts, while credit grades 13 and 14 are assigned to non-performing or defaulted clients. The Bank's credit grades are not intended to replicate external credit grades, and ratings assigned by external ratings agencies are not used in determining the Bank's internal credit grades. Nonetheless, as the factors used to grade a borrower may be similar, a borrower's poor external rating is kept in mind while assessing his internal credit grade.

Nominal Limits, Loss Given Default (LGD), Expected Loss, Exposure At Default (EAD) and RWA are used in the assessment of individual exposures and portfolio analysis. LGD is the credit loss incurred if an obligor defaults. Nominal Limits are used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. In accordance with the credit authority delegation, significant exposures are reviewed and approved centrally through a credit committee. All the credit facilities are subject to an annual credit review process.

The Bank's Credit Policy, including local/governance/regulatory needs, requires strict adherence to laid down credit procedures and deviations, if any, are approved and captured through the credit appraisal process. Deviation from pre defined policy and procedures/local regulations are flagged off and approved by the relevant authority, if allowed, to ensure that deviations are justified and appropriately approved to avoid any undue loss/risk to the Bank.

For Retail Clients

Standard application forms are used, which are processed in central units using largely automated processes. Where appropriate to the client, product or market, a manual approval process by SCB officers is in place. Origination and approval roles are segregated.

Distribution of credit products through the new business channel is governed by the New Business Management and Risk Policy and Procedures, which among other requirements, lays down policies governing recruitment, verification, training and monitoring of sales staff. Credit decisions are independent of the sales/marketing functions and there are clear and specific delegated authorities. Regular assurance reviews thru Control Self Testing/Key Control Indicators and audits ensure compliance to policy and delegated authorities.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

Credit grades are based on a PD calculated using IRB score models. These models are based on application and behavioral scorecards which make use of external credit bureau information as well as the Bank's own data. In case of portfolios where such IRB models have not yet been developed, the PD is calculated using portfolio delinquency flow rates and expert judgment, where applicable. An alphanumeric grading system identical to that for C&I clients is used as an index of portfolio quality.

6.3. Credit Approval

All credit approval authorities are delegated by the Group Credit Approval Committee (CAC) to individuals based on their judgment and experience and based on a risk-adjusted scale which takes account of the estimated maximum potential loss from a given client or portfolio. Credit origination and approval roles are segregated in all exposures.

6.4. Credit Monitoring

The Bank monitors its credit exposures and assesses the impact of trends in the macroeconomic environment which may impact its portfolio performance.

For C&I clients, clients or portfolios are placed on 'Early Alert' when they display signs of actual or potential weakness. For example, where there is a decline in the client's position within the industry, financial deterioration, a breach of covenants, non-performance of an obligation within the stipulated period or there are concerns relating to ownership or management. Such accounts and portfolios are subjected to a dedicated process overseen by the CIC. Client account plans, documentation for existing facilities, and credit grades are re-evaluated. In addition, remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exiting the account or immediate movement of the account into the control of GSAM, the specialist recovery unit, which is independent of the main businesses.

For Retail clients, portfolio delinquency trends are monitored and reviewed at pre determined frequency. Individual client behavior is also tracked and is considered for lending decisions. Accounts which are past due are subject to a collections process, managed independently by the Risk function. Charged-off accounts are managed by a specialist recovery team. The micro and small-sized enterprise business is managed in small businesses segment. The credit processes are refined based on exposure at risk and are managed through Programmed Lending, in line with procedures for Retail clients.

The CRC is responsible for the effective management of credit risk, among other risks.

6.5. Concentration Risk

Credit concentration risk can arise from pools of exposures with similar characteristics which may lead to highly correlated changes in credit quality, for example individual large exposures or significantly large groups of exposures whose likelihood of default is driven by common underlying factors.

Credit concentration risk is governed by the Group's risk tolerance framework and Local Lending Policy (LLP) / Credit Approval Document (CAD); adherence to these policies is monitored by CMT. Credit concentration risk is managed via portfolio standards and within concentration caps set for counterparties or groups of connected counterparties, and for industry sectors, credit grade bands, business segments and collateralisation for C&I clients and by products for Retail clients.

Credit concentration risk is principally managed based on three components: single-name borrower exposure, industry concentrations and product concentration. For managing single-name concentrations, the Bank monitors compliance to the single and group borrower regulatory guidelines. The LLP establishes industry and credit grade concentration limits. The CMT monitors adherence to these prescribed limits. Any excesses from the ceilings prescribed in the LLP are escalated to the CCRO/CRC/CMT for approval in accordance with the delegated authorities outlined in the LLP.

For Retail clients, product concentration risk is managed through portfolio management approach in order to limit concentration, reduce volatility and improve profitability. As part of this approach, the Bank monitors product concentration on a bi-monthly basis.

6.6. Risk Reporting and Measurement

Risk measurement plays a central role, along with judgment and experience, in informing risk-taking and portfolio management decisions. It is a primary area for sustained investment and senior management attention.

Various risk measurement systems are available to risk officers to enable them to assess and manage the credit portfolio. As the Group has adopted IRB for credit risk under Basel II/III, these include systems to calculate nominal exposure, PD, LGD and EAD on a transaction, counterparty and portfolio basis. The Group has implemented a single risk reporting system to aggregate risk data. This is used to generate management information to assist business and Risk users with risk monitoring and management.

A number of internal risk management reports are produced on a regular basis, providing information on; individual counterparty, counterparty group, portfolio exposure, credit grade migration, the status of accounts or portfolios showing signs of weakness or financial deterioration, models performance and updates on credit markets. IRB portfolio metrics are widely used in these reports. Regular portfolio risk reports are made available at risk committee meetings.

6.7. Problem Credit Management and Provisioning

Credit monitoring is a continuous process. The frequency for each type of monitoring processes is defined. For example, excesses and past dues are reviewed on daily basis by business and credit officials. Covenants and risk triggers are normally linked to an event e.g. quarter on quarter drop in sales, exchange rate, crude prices, etc. For corporate accounts identified in risk based manner, a Quarterly Performance Review (QPR) is also carried out. Account conduct is also tracked on a monthly basis in terms of past dues, excesses, documentation, compliance with covenants and progress on exit accounts through the Account Subject To Additional Review Process (ASTAR) reporting process. Potential problem credits are identified through the credit monitoring process and reported to the CIC for additional review. In addition, portfolio level review for both C&I and Retail clients is undertaken to track portfolio performance against local underwriting standards/Group policy. Outcomes of such reviews are placed before the CRC/CMT.

C&I Exposures

Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue. Impaired accounts are managed by GSAM.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

Specific provisions are made in accordance with the Bank's internal policy, subject to minimum provisions required under the RBI guidelines. When all sources of recovery have been exhausted and no further source of recovery is apparent, then the debt is written off by applying the impairment provision held.

Retail Exposures

An account is considered to be delinquent when payment is not received on the due date. For credit cards, an account is required to be considered delinquent on the payment due date upon non receipt of payment till the payment due date plus 3 grace days. For delinquency reporting purposes, the Bank follows industry standards measuring delinquency as of 1, 30, 60 and 90 days past due. Accounts that are overdue are closely monitored. Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue.

The process used for raising provisions adheres to minimum provisions required under the RBI guidelines. In case of unsecured products, outstanding balances are written off at 150 days past due except discretionary lending. Unsecured products under discretionary lending are fully provided for at 90 days past due. In case of secured products like Mortgages, provision is raised after considering the realisable value of the collateral. For all products there are certain accounts such as cases involving fraud and death, where the loss recognition process is accelerated.

The Bank also maintains general provision as a percentage of performing standard advances and on unhedged foreign currency exposures, as prescribed by the RBI, to cover the inherent risk of losses.

The credit portfolio is monitored and reported to appropriate authorities in accordance with extant Group Policies/Procedures including Monitoring and Control Policy, Credit Initiation and Approval Policy and Risk Mitigation Policy, as well as extant local regulations/ guidelines prescribed from time to time by RBI, e.g. Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders- Framework for Revitalising Distressed Assets in the Economy and reporting to Central Repository of Information on Large Credits (CRILC).

DF 3 - Quantitative Disclosures

a) Analysis of total gross credit risk exposures; fund based and non-fund based separately

(₹ in 000s)

Nature & category of exposures	Credit risk exposures	
	31.03.2017	**31.03.2016**
Inter bank exposures	31,429,214	26,536,745
Investments (HTM)	–	–
Advances	765,409,284	766,573,055
Total gross fund based exposures	**796,838,498**	793,109,800
Specific provisions/Provisions for depreciation in the value of investment[1]	(79,113,018)	(101,207,526)
Total net fund based exposures	**717,725,480**	691,902,274
Fx and derivative contracts	440,367,682	392,583,510
Guarantees, acceptances, endorsements and other obligations	305,435,848	304,055,120
Other commitments and credit lines[2]	54,816,257	47,330,049
Total gross non-fund based exposures[3]	**800,619,787**	743,968,679
Specific provisions	(737)	(737)
Total net non fund based exposures	**800,619,050**	743,967,942

1 Excluding provision on standard assets

2 Excluding credit lines which are unconditionally cancellable at the Bank's sole discretion or, effectively provide for automatic cancellation of credit lines due to deterioration of borrower's creditworthiness.

3 For non-fund based exposures, credit risk exposures or, equivalents are computed as under:

- In case of exposures other than Fx and derivative contracts, credit equivalent is arrived at by multiplying the underlying contract or notional principal amounts with the credit conversion factors prescribed by the RBI under the Basel II/III capital framework.
- In case of Fx and derivative contracts, credit equivalents are computed using the current exposure method which includes, two steps as under:
  - Computation of current credit exposure, which is sum of the positive Mark to Market (MTM) value of the outstanding contracts.
  - Potential future credit exposure (PFE), which is determined by multiplying the notional principal amounts by the relevant 'add-on' factor based on tenor and type of underlying contracts.

b) Analysis of geographic distribution of exposures; fund based and non-fund based separately

As all the exposures under Para (a) above are domestic, the analysis of geographic distribution of exposures into fund and non-fund based has not been disclosed separately.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

c) Analysis of industry wise distribution of exposures; fund based and non-fund based separately

(₹ in 000s)

S No	Nature and category of industry	31.03.2017 Credit Risk Exposures			31.03.2016 Credit Risk Exposures		
		Fund based	**Non fund based**	**Total**	**Fund based**	**Non fund based**	**Total**
1.	Mining and Quarrying	1,783,754	279,272	2,063,026	1,936,982	955,192	2,892,174
	Of which:						
	– *Coal*	*403,896*	*77,252*	*481,148*	*252,852*	*107,354*	*360,206*
	– *Others*	*1,379,858*	*202,020*	*1,581,878*	*1,684,130*	*847,838*	*2,531,968*
2.	Food Processing	17,028,206	6,006,640	23,034,846	17,338,694	10,085,147	27,423,841
	Of which:						
	– *Sugar*	*4,455,070*	*4,530,468*	*8,985,538*	*4,703,494*	*4,613,004*	*9,316,498*
	– *Edible Oils and Vanaspati*	*4,480,163*	*1,343,590*	*5,823,753*	*3,308,538*	*4,116,506*	*7,425,044*
	– *Tea*	*34,229*	–	*34,229*	*70,164*	*201,445*	*271,609*
	– *Coffee*		–	–			–
	– *Others*	*8,058,744*	*132,582*	*8,191,326*	*9,256,498*	*1,154,191*	*10,410,689*
3.	Beverages (excluding Tea & Coffee) and Tobacco	5,537,968	1,265,939	6,803,907	10,942,182	809,004	11,751,186
	Of which:						
	– *Tobacco and tobacco products*	*5,537,968*	*1,265,939*	*6,803,907*	*2,411,078*	*401,537*	*2,812,615*
	– *Others*	–	–	–	*8,531,105*	*407,467*	*8,938,572*
4.	Textiles	17,181,517	1,195,415	18,376,932	20,259,677	1,782,786	22,042,463
	Of which:						
	– *Cotton*	–	–	–	*100,571*	–	*100,571*
	– *Others*	*17,181,517*	*1,195,415*	*18,376,932*	*20,159,106*	*1,782,786*	*21,941,892*
	Out of Total Textiles to Spinning Mills	–	–	–	*462,968*		*462,968*
5.	Leather and Leather products	1,604,029	350,219	1,954,248	1,383,124	188,726	1,571,850
6.	Wood and Wood Products	706,623	153,927	860,550	1,067,484	1,101,659	2,169,143
7.	Paper and Paper Products	8,365,833	719,858	9,085,691	8,105,892	2,006,610	10,112,502
8.	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1,629,718	6,837,932	8,467,650	4,150,187	3,566,194	7,716,381
9.	Chemicals and Chemical Products (Dyes, Paints, etc.)	25,120,888	21,399,434	46,520,322	34,357,434	20,632,287	54,989,721
	Of which:						
	– *Fertilisers*	*292,350*	*2,080,298*	*2,372,648*	*2*	*136,583*	*136,585*
	– *Drugs and Pharmaceuticals*	*13,631,181*	*12,501,104*	*26,132,285*	*20,215,445*	*12,925,124*	*33,140,569*
	– *Petro-chemicals (excluding under Infrastructure)*	*302,329*	*85,691*	*388,020*	*6,320,040*	*2,098,072*	*8,418,112*
	– *Others*	*10,895,028*	*6,732,341*	*17,627,369*	*7,821,947*	*5,472,508*	*13,294,455*
10.	Rubber, Plastic and their Products	5,927,921	3,057,317	8,985,238	3,497,427	2,402,720	5,900,147
11.	Glass & Glassware	1,433,672	1,479,383	2,913,055	1,116,202	1,877,345	2,993,547
12.	Cement and Cement Products	13,102,388	2,550,759	15,653,147	14,735,398	1,902,776	16,638,174
13.	Basic Metal and Metal Products	34,096,562	11,506,906	45,603,468	41,880,660	18,411,608	60,292,268
	Of which:						
	– *Iron and Steel*	*22,307,190*	*6,806,700*	*29,113,890*	*22,887,765*	*12,615,338*	*35,503,103*
	– *Other Metal and Metal Products*	*11,789,372*	*4,700,206*	*16,489,578*	*18,992,894*	*5,796,270*	*24,789,164*
14.	All Engineering	25,906,095	36,338,377	62,244,472	30,332,954	25,562,756	55,895,710
	Of which:						
	– *Electronics*	*5,477,304*	*18,131,909*	*23,609,213*	*5,782,720*	*6,641,566*	*12,424,286*
	– *Others*	*20,428,791*	*18,206,468*	*38,635,259*	*24,550,234*	*18,921,190*	*43,471,424*
15.	Vehicles, Vehicle Parts and Transport Equipments	17,294,508	7,653,473	24,947,981	21,694,876	5,615,459	27,310,335
16.	Gems & Jewellery	9,668,223	3,849,698	13,517,921	20,650,769	4,282,372	24,933,141
17.	Construction	16,499,267	24,785,918	41,285,185	6,193,948	9,031,328	15,225,276
18.	Aviation	10,928,674	3,050	10,931,724	11,762,950	19,570,415	31,333,365
19.	Infrastructure	50,605,655	18,920,235	69,525,890	79,171,668	40,939,200	120,110,868
	Of which:						
	– *Roads and Bridges*	*12,699,901*	*3,702,182*	*16,402,083*	*13,178,442*	*4,321,950*	*17,500,392*
	– *Ports*			–			–
	– *Inland Waterways*	*194,550*	*128,733*	*323,283*	*6,881,166*	*4,949,282*	*11,830,448*
	– *Airport*	*204,867*	*730,823*	*935,690*	*229,833*	*740,049*	*969,882*
	– *Railway Track, tunnels, viaducts, bridges*	*35,245*	–	*35,245*	–	–	–
	– *Electricity (Generation)*	*3,526,917*	*3,208,655*	*6,735,572*	*2,345,948*	*8,078,557*	*10,424,505*
	– *Oil/Gas/Liquefied Natural Gas (LNG) storage facility*	*54,498*	*2,656*	*57,154*	*6,507*	*1,577*	*8,084*
	– *Communication*	*27,680,454*	*10,754,307*	*38,434,761*	*51,662,595*	*11,460,638*	*63,123,233*
	– *Other Infrastructure*	*6,209,223*	*392,879*	*6,602,102*	*4,867,178*	*11,387,147*	*16,254,325*

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

(₹ in 000s)

S No	Nature and category of industry	31.03.2017 Credit Risk Exposures			31.03.2016 Credit Risk Exposures		
		Fund based	Non fund based	Total	Fund based	Non fund based	Total
20.	Trading & NBFC	56,942,565	6,410,577	63,353,142	49,329,425	8,341,563	57,670,988
21.	Mortgage	135,071,792	–	135,071,792	110,447,799	–	110,447,799
22.	Retail Others	120,547,603	1,790,850	122,338,453	74,849,161	1,328,508	76,177,669
23.	Real Estate	105,517,346	857,211	106,374,557	85,837,853	969,306	86,807,159
24.	Other Industries	82,908,477	148,023,458	230,931,936	115,530,301	122,692,159	238,222,460
	Total Gross Advances	**765,409,284**	**305,435,848**	**1,070,845,133**	**766,573,047**	**304,055,120**	**1,070,628,168**
	Specific provisions	(79,113,018)	(737)	(79,113,756)	(101,207,526)	(737)	(101,208,263)
	Total Net Advances	**686,296,264**	**305,435,111**	**991,731,377**	**665,365,521**	**304,054,383**	**969,419,905**
	Total Inter-bank exposures	**31,429,214**	**–**	**31,429,214**	**26,536,745**	**–**	**26,536,745**
	Total Investments (HTM)	**–**	**–**	**–**	**–**	**–**	**–**

Fund based exposure comprises loans and advances, inter-bank exposures and HTM Investments. Non-fund based exposure comprises guarantees, acceptances, endorsements and letters of credit.

d) Analysis of residual contractual maturity of assets

As at 31 Mar 2017 (₹ in 000s)

Maturity Bucket	Cash and Bank balances with RBI	Balances with Banks and money at call and short notice	Investments	Advances	Fixed Assets	Other Assets
1day (d)	5,960,401	6,107,913	112,655,609	26,336,668	–	12,570,716
2d–7d	4,806,876	47,679,464	42,990,110	40,513,147	–	10,209,085
8d – 14d	2,862,590	–	14,670,775	49,986,500	–	3,563,213
15d – 30d	3,590,568	–	18,401,662	52,229,733	–	40,303,201
31m – 2month (m)	1,594,838	–	9,371,823	48,758,653	–	27,482,205
2m – 3month (m)	2,722,632	–	29,474,631	31,817,584	–	18,581,717
3m – 6m	4,252,090	–	22,197,803	45,354,404	–	25,151,988
6m – 1year (y)	3,459,840	–	38,358,507	35,631,286	–	48,212,272
1y – 3y	9,235,687	29,800	52,788,544	145,378,059	–	23,274,853
3y – 5y	2,582	–	16,358,835	57,948,382	–	16,529,946
> 5y	224,756	–	2,379,980	152,338,324	14,172,114	66,809,506
Total	**38,712,860**	**53,817,177**	**359,648,279**	**686,292,740**	**14,172,114**	**292,688,702**

As at 31 Mar 2016 (₹ in 000s)

Maturity Bucket	Cash and Bank balances with RBI	Balances with Banks and money at call and short notice	Investments	Advances	Fixed Assets	Other Assets
1day (d)	3,923,299	4,852,865	79,837,482	20,489,012	–	7,847,908
2d–7d	2,599,565	33,490,461	55,072,313	56,628,390	–	5,756,234
8d – 14d	2,391,045	110,000	20,350,902	69,581,935	–	1,168,562
15d – 30d	2,213,015	60,000	11,894,958	49,194,845	–	9,985,933
31m – 2month (m)	2,650,473	120,000	14,246,292	39,577,666	–	9,893,512
2m – 3month (m)	2,623,118	–	24,279,718	49,724,302	–	16,074,225
3m – 6m	2,747,081	–	14,765,561	53,444,655	–	24,764,088
6m – 1year (y)	11,490,732	–	72,939,644	44,807,419	–	29,971,712
1y – 3y	397,779	30,131	29,485,460	131,183,492	–	20,515,957
3y – 5y	19,567	–	11,375,635	12,513,904	–	17,329,829
> 5y	221,207	–	1,660,474	138,214,804	14,233,714	66,680,121
Total	**31,276,881**	**38,663,457**	**335,908,439**	**665,360,424**	**14,233,714**	**209,988,081**

The above has been prepared on similar guidelines as used for the statement of structural liquidity.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

e) Details of Non-Performing Advances (NPAs) - Gross and Net

(₹ in 000s)

Particulars	31.03.2017	31.03.2016
Sub Standard	13,263,125	43,221,895
Doubtful	57,785,277	32,290,683
– *Doubtful 1*	*30,958,362*	*9,341,200*
– *Doubtful 2*	*21,285,542*	*18,562,081*
– *Doubtful 3*	*5,541,373*	*4,387,402*
Loss	9,278,212	32,842,805
Gross NPAs	80,326,614	108,355,383
Provisions	(79,113,018)	(101,207,525)
Net NPAs	1,213,595	7,147,858
Cover ratio	**98.49%**	**93.40%**

f) NPA Ratios

Particulars	31.03.2017	31.03.2016
Gross NPAs to gross advances	10.49%	14.14%
Net NPAs to net advances	0.18%	1.07%

g) Movement of NPAs

(₹ in 000s)

Particulars	31.03.2017		31.03.2016	
	Gross	Net	Gross	Net
Balance, 1st April	108,355,383	7,147,858	66,563,800	2,306,403
Additions during the period	20,318,087	(2,706,225)	51,612,051	5,896,609
Reductions during the period	(48,346,856)	(3,228,036)	(9,820,468)	(1,055,154)
Balance, end of the period	**80,326,614**	**1,213,597**	**108,355,383**	**7,147,858**

h) Movement of Provisions for NPAs

Specific Provisions

(₹ in 000s)

Particulars	31.03.2017	31.03.2016
Balance, 1st April	101,207,525	64,257,397
Provisions made during the period	23,024,313	45,715,442
Write-off	(28,132,969)	(1,886,287)
Write-back of excess provisions	(16,985,851)	(6,879,027)
Any other adjustments, including transfer between provisions	–	–
Balance, end of the period	**79,113,018**	**101,207,525**

General Provisions

(₹ in 000s)

Particulars	31.03.2017	31.03.2016
Balance, 1st April	5,672,912	5,998,644
Provisions made during the period	3,878,614	783,891
Write-off	–	–
Write-back of excess provisions	(352,258)	(1,109,623)
Any other adjustments, including transfer between provisions	–	–
Balance, end of the period	**9,199,268**	**5,672,912**

(₹ in 000s)

Particulars	31.03.2017	31.03.2016
Write-off that have been booked directly to the income statement	15,934	6,880
Recoveries that have been booked directly to the income statement	629,998	671,399

i) Movement of Non-Performing Investments and amount of Provisions held for Non-Performing Investments

(₹ in 000s)

Particulars	31.03.2017	31.03.2016
Balance, 1st April	2,317,507	2,130,883
Additions during the period	2,778,518	310,969
Reductions during the period	(912,965)	(124,345)
Balance, end of the period	4,183,060	2,317,507
Total provisions held at the end of the period	**3,891,714**	**2,203,286**

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

j) Movement of Provisions for Depreciation on Investments

(₹ in 000s)

Particulars	31.03.2017	31.03.2016
Balance, 1st April	2,768,067	2,662,721
Provisions made during the period	2,748,063	263,835
Write-off	(211,752)	(21,344)
Write-back of excess provisions	(1,198,144)	(137,145)
Any other adjustments, including transfer between provisions	–	
Balance, end of the period	**4,106,234**	**2,768,067**

k) NPA by Major Industries (Top 5 Industries):

(₹ in 000s)

Industry Name	Gross NPA	Specific provisions	General Provisions	Specific provision during the current period	Write-off during the current period
31 Mar 2017	43,817,233	43,807,782	–	4,050,689	686,054
31 Mar 2016	71,064,718	65,737,774	–	40,473,563	25,264,211

7. DF 4 - Credit Risk: Disclosures for portfolios subject to the standardised approach

DF 4 - Qualitative Disclosures

As per the provisions of the Basel framework in India, SCBI has adopted the SA for measurement of credit risk. The risk weights applied under the SA are prescribed by the RBI and are based on the asset class to which the exposure is assigned. This approach permits use of external ratings for credit exposures to counterparties in the category of sovereigns, international banks, corporate and securitisation exposures. The specified credit rating agencies used for these types of exposures are as under:

Domestic Credit Rating Agencies	International Credit Rating Agencies
Credit Rating Information Services of India Limited	Standard and Poor's
ICRA Limited	Moody's
India Ratings and Research Private Limited (India Ratings)	
Credit Analysis and Research Limited	
SME Rating Agency of India Limited	
Brickworks Ratings India Pvt. Limited	

Rated facilities have generally been considered as those facilities where the Bank's exposure has been explicitly considered; else, the exposure has been treated by the Bank as unrated. The process used to transfer public issue ratings onto comparable assets in the banking book is in accordance with the requirements laid down by RBI.

DF 4 - Quantitative Disclosures

Analysis of outstanding credit exposures (after considering credit risk mitigation) and credit risk by regulatory risk weight

As at 31 Mar 2017

(₹ in 000s)

Nature & category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure (before provision)	Credit risk weight buckets summary < 100%	100%	>100%	Deduction from capital
Inter bank exposures	31,429,214	–	31,429,214	31,429,214	–	–	–
Investments (HTM)	–	–	–	–	–	–	–
Advances	765,409,284	(28,986,888)	736,422,396	257,409,995	329,588,732	149,423,670	–
Total fund based exposures	**796,838,498**	**(28,986,888)**	**767,851,610**	**288,839,209**	**329,588,732**	**149,423,670**	**–**
Fx and derivative contracts	440,367,682	–	440,367,682	370,914,167	32,200,312	37,253,202	–
Guarantees,Acceptances, endorsements and other obligations	305,435,848	(14,499,688)	290,936,160	88,672,587	78,882,646	123,380,928	–
Undrawn Commitments and others	54,816,257	–	54,816,257	–	39,251,305	15,564,952	–
Total non fund based exposures	**800,619,787**	**(14,499,688)**	**786,120,099**	**459,586,754**	**150,334,263**	**176,199,082**	**–**

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

As at 31 Mar 2016

(₹ in 000s)

Nature & category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure (before provision)	Credit risk weight buckets summary < 100%	100%	>100%	Deduction from capital
Inter bank exposures	26,536,745	–	26,536,745	26,536,745	–	–	–
Investments (HTM)	–	–	–	–	–	–	–
Advances	766,573,055	(24,923,557)	741,649,498	251,650,068	368,763,195	121,236,235	–
Total fund based exposures	**793,109,800**	**(24,923,557)**	**768,186,243**	**278,186,813**	**368,763,195**	**121,236,235**	**–**
Fx and derivative contracts	392,583,510	–	392,583,510	303,042,191	64,312,532	25,228,787	–
Guarantees,Acceptances, endorsements and other obligations	304,055,120	(8,442,978)	295,612,142	72,301,050	119,656,988	103,654,104	–
Undrawn Commitments and others	47,330,049	–	47,330,049	–	37,069,619	10,260,430	–
Total non fund based exposures	**743,968,679**	**(8,442,978)**	**735,525,701**	**375,343,241**	**221,039,139**	**139,143,321**	**–**

8. DF 5 - Credit risk mitigation: Disclosures for standardised approaches

DF 5 - Qualitative Disclosures

Potential credit losses from any given account, client or portfolio are mitigated using a range of tools such as collateral, netting agreements, guarantees and restructuring. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Risk mitigation policies determine the eligibility of collateral types. Collateral types for credit risk mitigation include cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees and letters of credit.

The above collateral types are applicable to all client segments, including, corporates and financial institutions, though exposures to banks are generally non-collateralised. There are well laid down policies and processes for valuation/revaluation of collaterals, covering source of valuation, independent professional valuations, hair-cuts/margins on collateral market values, re-margining requirements and re-assessment of credit limits. However, from a local regulatory perspective, the main “eligible” collaterals under the SA are restricted to cash (including fixed deposits) and units of mutual funds. These are mainly collateral against retail loans.

Collateral is valued in accordance with the Bank’s lending policies, which prescribe the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired loans is recorded at fair value, which is revalued at least annually as prescribed in risk mitigation policy and procedures. In case of stock and book debts, monthly statements are obtained from the clients. In case of marketable securities listed on recognised exchanges, the valuation frequency is daily.

Guarantees taken can be categorised as follows:

- Guarantee from a bank (including central banks), or surety bond which is repayable on demand.
- Guarantee from a related corporate (including government owned commercial enterprises).
- Guarantee from an unconnected corporate.
- Guarantee from a government department, or an entity classified as government risk (excluding those classified as banks or commercial enterprises).
- Guarantee or indemnity from a SCB Group entity (subsidiary/associate or branch).
- Guarantee from one or more individuals.

DF 5 - Quantitative Disclosures

(₹ in 000s)

Nature and category of exposures	31.03.2017	31.03.2016
Exposure covered by eligible financial collateral after application of haircuts	74,790,114	93,023,161
Exposure covered by guarantees	13,490,977	19,192,652

9. DF 6 – Securitisation exposures: Disclosure for standardised approach

DF 6 - Qualitative Disclosures

Securitisation transactions are generally undertaken with the objective of credit risk transfer, liquidity management, meeting regulatory requirements such as priority sector lending and asset portfolio management. The Bank participates in securitisations in the role of originator, as well as, investor. In general, it provides credit enhancement services (as originator or as a third party), liquidity facilities, interest rate derivative products and acts as a collection and service agent.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

The key risks inherent in securitisation transactions include:

- Credit risk: risk arising on account of payment delinquencies from underlying obligors/borrowers in the assigned pool.
- Liquidity risk: risk arising on account of lack of secondary market to provide ready exit options to the investors/participants.
- Interest rate/currency risk: mark to market risks arising on account of interest rate/currency fluctuations.
- Prepayment risk: prepayments in the securitised pool results in early amortisation and loss of future interest to the investor on the prepaid amount.
- Co-mingling risk: risk arising on account of co-mingling of funds belonging to investor(s) with that of the originator and/or collection and service agent, when there exists a time lag between collecting amounts due from the obligors and payment made to the investors.

Monitoring credit risk

The Bank in the capacity of collection and service agent prepares monthly performance reports which are circulated to investors/assignees/ rating agencies. The securitised pools are continuously monitored and those requiring attention are subjected to specific interventions (e.g. focused collection efforts in affected geographies etc.) to improve their performance.

The risk assessment of the pools is done continuously by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor.

The Bank has not used credit risk mitigants to mitigate retained risks.

The Bank may provide credit enhancement in the form of cash deposits or guarantees in its securitisation transactions and also provides credit enhancement as a third party on behalf of our clients. The Bank makes appropriate provisions for any delinquency losses assessed at the time of sale as well as over the life of the securitisation transactions in accordance with the RBI guidelines.

Summary of the Bank's accounting policies for securitisation activities

The Bank securitises advances to Special Purpose Vehicles (SPV). Securitised assets are derecognised if they are transferred to the SPV in compliance with all the conditions of true sale as prescribed in 'Guidelines on Securitisation transactions' vide circulars DBOD. No.B.P.BC-103/21.04.177/2011-12 dated 07 May 2012 and DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006 issued by the RBI. Securitisation transactions which do not meet the criteria for derecognition are accounted for as secured borrowings.

In accordance with the above referred circular, gain arising on securitisation is amortised over the life of the securities issued / to be issued by the SPV. Loss, if any, is recognised immediately in the Profit and Loss Account.

The Bank also follows the aforesaid principles to ascertain de-recognition of loans and advances through direct assignment and the gain arising upon such direct assignment is amortised over the life of the loans and advances sold. Loss, if any, is recognised immediately in the Profit and Loss Account.

In respect of credit enhancements provided or recourse obligations accepted by the Bank at the time of securitisation or direct assignment, appropriate provisions / disclosures are made in accordance with AS 29 – Provisions, Contingent Liabilities and Contingent Assets.

Pass Through Certificates purchased have been marked to market on the basis of the base yield curve and the applicable spreads as per the spread matrix relative to the weighted average maturity of the paper as notified by Fixed Income Money Market and Derivatives Association of India (FIMMDA).

Regulatory capital approach

As per the provisions of the Basel II/III framework, all banks have to mandatorily adopt SA for capital treatment of securitisation transactions. This approach requires use of external rating agencies for risk weighting securitisation exposures. The credit rating agencies used by the Bank for these types of exposures are those recognised by the RBI (refer section 7 – DF- 4 above).

DF 6 - Quantitative Disclosures

1. **Banking Book**

a) The outstanding exposures securitised by the Bank (in ₹ 000's) as on 31 Mar 2017: ₹ 3,980,311 (Previous Year: ₹ 4,467,715).

b) Securitisation losses recognised by the Bank during period ending 31 Mar 2017: NIL (Previous Year: NIL)

c) Assets intended to be securitised within a year – NIL (Previous Year: NIL).
The securitisation transactions are undertaken on a need basis to meet the objectives as disclosed above.

d) The total amount of exposures securitised with unrecognised gain/(loss)

(₹ in 000s)

Exposure Type	**31-Mar-17** Outstanding	**31-Mar-17** Unrecognised gain /(loss)	31-Mar-16 Outstanding	31-Mar-16 Unrecognised gain /(loss)
Housing Loans	1,058,390	–	1,263,291	–
Corporate Loans	2,921,921	–	3,204,424	–

e) Securitisation exposures retained or purchased

(₹ in 000s)

Exposure Type	**31-Mar-17** On Balance Sheet	**31-Mar-17** Off Balance Sheet	31-Mar-16 On Balance Sheet	31-Mar-16 Off Balance Sheet
Housing Loans	328,434	1,328,508	328,434	1,328,508

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

f) Aggregate amount of securitisation exposures retained or purchased and the associated capital charges

As at 31 Mar 2017

(₹ in 000s)

Exposure Type	**<100% risk weight**	**100% risk weight**	**>100% risk weight**	**Total**
Housing Loans	–	–	1,634,699	1,634,699
Capital Charge	–	–	2,100,589	2,100,589

As at 31 Mar 2016

(₹ in 000s)

Exposure Type	**<100% risk weight**	**100% risk weight**	**>100% risk weight**	**Total**
Housing Loans	–	–	1,656,942	1,656,942
Capital Charge	–	–	1,996,615	1,996,615

g) Securitisation exposures deducted from capital : NIL (Previous Year: NIL)

2. **Trading Book**

a) There are no outstanding exposures securitised for which the Bank has retained any exposure which is subject to Market Risk.

b) Securitisation exposures retained or purchased – On Balance Sheet and Off Balance Sheet.

As at 31 Mar 2017

(₹ in 000s)

Exposure Type	**On Balance Sheet**	**Off Balance Sheet**
Vehicle Loans	851,354	–
SME Loans	35,791,181	–
Direct & Indirect Agriculture Lending	2,566,577	–
Total	**39,209,112**	**–**

As at 31 Mar 2016

(₹ in 000s)

Exposure Type	**On Balance Sheet**	**Off Balance Sheet**
Vehicle Loans	2,446,635	–
SME Loans	35,973,891	
Direct & Indirect Agriculture Lending	4,775,420	–
Total	**43,195,946**	**–**

c) Securitisation exposures retained or purchased

(₹ in 000s)

Risk Weight Bands	**31-Mar-17**	**31-Mar-16**
Exposures subject to Comprehensive Risk Measure for specific risk	39,209,112	43,195,946
Exposures subject to the securitisation framework for specific risk		
<100% risk weight	39,209,112	43,195,946
100% risk weight	–	–
>100% risk weight	–	–
Total	**39,209,112**	**43,195,946**

d) Aggregate amount of the capital requirements for the securitisation exposures

(₹ in 000s)

Risk Weight Bands	**31-Mar-17**	**31-Mar-16**
<100% risk weight	705,764	832,818
100% risk weight	–	–
>100% risk weight	–	–
Total	**705,764**	**832,818**

e) Securitisation exposures deducted from capital: NIL (Previous Year: NIL)

10. **DF 7 - Market Risk in Trading Book**

DF 7 - Qualitative Disclosures

The Bank recognises market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Bank is exposed to market risk arising principally from client-driven transactions. The objective of the Bank's market risk policies and processes is to obtain a balance of risk and return while meeting clients' requirements.

The primary categories of market risk for the Bank are interest rate risk, currency exchange rate risk, commodity price risk and equity price risk.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

10.1. Market Risk Governance

The BRC approves the Group's market risk appetite taking account of market volatility, the range of products and asset classes, business volumes and transaction sizes. The Market and Traded Credit Risk management operating under the current approved market risk limits policy in force, is responsible for setting Value at Risk (VaR) as the primary market risk measure within the Group's risk appetite. The CIBRC (Credit and Market Risk Committee) is also responsible for policies and other standards for the control of market risk and overseeing their effective implementation. These policies cover both trading and non-trading books. At a country level, there is an independent market risk function to implement Group market risk policies/limits and to monitor the market risk exposures in accordance with Group and local governance/regulatory norms.

Market and Traded Credit Risk (MTCR) approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and position concentrations, where appropriate. Sensitivity measures are used in addition to VaR as a risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas, foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved. Option risks are controlled through revaluation limits on underlying price and volatility shifts and limits on volatility risk and other variables that determine the options' value.

The CRC, in conjunction with MTCR, provides market risk oversight, reporting and management of the market risk profile.

Value at Risk

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced six times per year.

Back Testing

To assess their predictive power, VaR models are back tested against actual results. Trading book back testing is conducted against clean profit and loss, which is the actual profit and loss for a given business day, adjusted to remove the effect of certain items unrelated to market risk.

Stress Testing

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. MTCR complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both, historical market events and forward looking scenarios. A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates and equity prices thereby covering asset classes in the Financial Markets (FM) non-trading and trading books. Ad hoc scenarios are also prepared, reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

10.2. Foreign Exchange Exposure

The foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange trading exposures are principally derived from client driven transactions.

10.3. Interest Rate Exposure

The interest rate exposures arise from trading and non-trading activities. Structural interest rate risk arises from the differing re-pricing characteristics of commercial banking assets and liabilities.

10.4. Derivatives

Structure and organisation of management of risk in derivatives trading

The derivatives business is managed by the front office with independent back office for confirmation and settlement of trades. A separate middle office team validates all the derivative transactions and the processing and settlement is done by the back office team. The market risk team is responsible for monitoring market risk limits for derivative instruments. VaR is the primary risk measure and supplemented by other limits like PV01 as required and appropriate. There is clear segregation of duties and different reporting lines to ensure independent monitoring and reporting.

Risk monitoring team

The Bank is exposed to market risk, liquidity risk, operational risk and credit risk on the derivatives portfolio. The Bank's risk management group, compliance group and internal audit group assist in identifying, assessing and monitoring of these principal risks in accordance with policies and procedures.

For further details please refer to para 12 (DF 9) below.

DF 7 - Quantitative Disclosures

For details please refer to market risk section under para 4 (DF 2 - Quantitative Disclosures)

11. DF 8 - Operational Risk

DF 8 - Qualitative Disclosures

OR is the potential for loss arising from the failure of people, processes, technology or the impact of external events. It is the Bank's objective to minimise exposure to OR, subject to cost trade-offs. OR exposures are managed through a consistent set of management process that drive risk identification, assessment, control and monitoring.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

OR is managed by the CORC, which exercises oversight of the Bank's OR exposures to ensure that it is aligned with the Bank's RMF.

The responsibility for daily management of OR exposures rests with businesses and functions as an integral component of their first line risk management responsibilities. In addition, specialist operational ROs have responsibility for the management of OR arising from the following activities: legal processes, people management, technology management, vendor management, property management, security management, accounting and financial control, tax management, corporate authorities and structure and regulatory compliance. Each RO is responsible for identifying risks that are material to the Group and for maintaining an effective control environment, which includes defining appropriate policies and procedures for approval by authorised risk committees.

The Bank uses the BIA consistent with the RBI's capital adequacy requirements to assess its regulatory capital requirements for OR. Under the BIA, a pre-determined beta co-efficient is applied to the average income for the previous three years, to determine the OR capital requirement.

12. DF 9 - Interest Rate Risk in the Banking Book (IRRBB)

DF 9 - Qualitative Disclosures

Interest rate risk from the non-trading book portfolios is transferred to FM where it is managed by ALM under the supervision of ALCO. This risk arises principally from the re-pricing mismatch between commercial assets and liabilities. ALM also deals in approved financial instruments in the market to manage the net interest rate risk, subject to approved VaR and risk limits. VaR and stress tests are applied to non-trading book exposures in the same way as for the trading book and thus the primary risk measurement tool is VaR for the non-trading book. ALM also manages a portfolio of marketable securities primarily for the purpose of meeting the reserve requirements. Prepayment assumptions are applied to the retail fixed rate loan book . For non maturing products like current accounts, savings accounts, cards and overdrafts, behavioral calculation is done to segregate the portfolio according to the balances expected to remain with the bank under non stress conditions for a year or more (core) or less than a year (non-core).

DF 9 - Quantitative Disclosures

The impact on market value of equity for a 200 basis upward move (in ₹ 000's) as at 31 Mar 2017 is ₹ 1,274,516 (previous year: ₹ 1,927,178).

13. DF 10 - Exposure related to Counterparty Credit Risk

DF 10 - Qualitative Disclosures

13.1. Credit Limits and Collaterals

Counterparty credit risk (CCR) is the risk that a Bank's counterparty defaults in a FX, interest rate, commodity or credit derivative contract prior to or at the maturity date of the contract and that the Bank at the time has a claim on the counterparty. The Credit Initiation and Approval Policy governs CCR and is approved by CRC. The credit risk arising from all financial derivatives is managed as part of the overall credit limits to both financial institutions and corporate clients.

Exposure values for regulatory capital purposes on over the counter traded products are calculated according to the CCR Current Exposure Method (CEM). This is calculated as the sum of the current replacement cost and the PFE. The current replacement cost is the amount owed by the counterparty to the Bank for various financial derivative transactions. The PFE is an add-on based on a percentage of the notional principal of each transaction. These percentages are prescribed by the RBI in the guidelines and vary according to the underlying asset class and tenor of each trade.

The Group has a credit risk economic capital model which is managed centrally. The model uses obligor-level Monte Carlo simulation parameterised with internal data to capture various elements of credit risk including CCR.

The Bank seeks to negotiate Credit Support Annexes (CSA) to International Swaps and Derivatives Association master agreements with counterparties on a case-by-case basis, where collateral is deemed a necessary or desirable mitigant to the exposure. The credit terms of the CSA are specific to each legal document and determined by the credit risk approval unit responsible for the counterparty. The nature of the collateral will be specified in the legal document and will typically be cash or highly liquid securities.

A daily operational process takes place to calculate the MTM on all trades captured under the CSA. Additional collateral will be called from the counterparty at agreed frequency if total uncollateralised MTM exposure exceeds the threshold and minimum transfer amount specified in the CSA. Additional collateral may be required from the counterparty to provide an extra buffer to the daily variation margin process.

The Bank further reduces its credit exposures to counterparties by entering into contractual netting agreements which result in a single amount owed by or to the counterparty through netting the sum of the positive (amounts owed by the counterparty) and negative (amounts owed by the Bank) MTM values of these transactions.

In India, the Bank follows SA for credit risk and hence no credit reserve is set aside. However, provisioning for the exposures on derivative contracts is made as prescribed by RBI Circular No.DBR.No.BP.BC.2/21.04.048/2015-16 dated 01 July 2015.

13.2. Wrong Way Risk

Wrong-way risk ("WWR") occurs when exposure to counterparty is positively correlated to deterioration in its creditworthiness. WWR falls into two categories: Specific Wrong Way Risk, which occurs when future exposure to a specific counterparty is adversely correlated with the counterparty's probability of default due to the nature of the transactions with the counterparty. General Wrong Way Risk, which occurs when the likelihood of default of counterparty is adversely correlated with general market risk factors. The Financial Markets Credit Policy manages WWR through CCR monitoring and credit procedures.

13.3. Impact of Credit Rating Downgrade

In line with market convention, the Bank negotiates CSA terms for certain counterparties where the thresholds related to each party are dependent on their External Credit Assessment Institution (ECAI) long term rating. Such clauses are typically mutual in nature. In the event of downgrade of counterparty's credit rating, margin call may be initiated to ask for additional collateral to cover negative MTM portfolios where thresholds are lowered. It is recognised that a downgrade in the Group's rating could result in counterparties seeking additional collateral calls to cover negative MTM portfolios where thresholds are lowered.

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

DF 10 - Quantitative Disclosures

(₹ in 000s)

Particulars	31.03.2017	31.03.2016
Gross positive fair value of contracts	189,935,306	126,167,881
Less: Netting benefits	–	–
Netted current credit exposure	**189,935,306**	**126,167,881**
Less: Collateral held (including type, e.g. cash, government securities, etc.)	–	–
Net derivatives credit exposure	189,935,306	126,167,881
Potential future exposure	250,432,376	266,415,629
Measures for exposure at default or exposure amount under CEM	**440,367,682**	**392,583,510**
Notional value of credit derivative hedges	–	–
Distribution of current credit exposure by types of credit exposure		
– Interest Rates	96,121,715	104,199,329
– Fx	344,245,967	288,384,181
Credit Derivative Transactions that create exposures to CCR (Notional Value)	NIL	NIL

For capital requirement details, refer "Minimum Regulatory Capital Requirements" under para 4 (DF 2 – quantitative disclosure) of this disclosure.

14. Other Key Risks

14.1 Liquidity Risk

Liquidity risk is the potential that the Bank either does not have sufficient liquid financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at excessive cost.

The Liquidity Risk Framework governs liquidity risk and is managed by ALCO. In accordance with that framework, the Bank maintains a liquid portfolio of marketable securities as reserve assets. The level of the Bank's aggregate liquid reserves is in accordance with local regulatory minimum liquidity requirements, including the Liquidity Coverage Ratio.

14.2 Reputational Risk

Reputational risk is the potential for damage to the Group's franchise, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the organisation or its actions.

Reputational risk is managed by the CMT/CRC, which is responsible for protecting the Group's reputation locally and has the responsibility to ensure that the Bank does not undertake any activities that may cause material damage to the Group's franchise.

Reputational risk is registered, recorded and reviewed by the CEO through the CRC. Whilst the CRC covers all forms of reputational risk in country, any significant business related reputational risks identified is escalated to Business Responsibility and Reputational Risk Committee.

15. Monitoring

Monitoring of risk management is achieved through independent reviews by ROs, GIA, Compliance, concurrent audits and spot checks by external specialists as required under regulations.

To ensure the effectiveness of risk management processes in maintaining the risk profile of the Bank within risk appetite, the Bank maintains a three 'lines of defence' framework - refer para 5.1 above for further details.

16. DF 11 - Composition of Capital as at 31 Mar 2017

(₹ in M)

	Basel III common disclosure template	Solo		Consolidated		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Ref No. (Section 17/ DF 12)**
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	74,401	–	74,401	–	A1
2	Retained earnings	79,220	–	79,220	–	B6
3	Accumulated other comprehensive income (and other reserves)	85,175	–	85,215	–	B1+B3+B4+ B5+B7+B8+ C1+C3
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 (plus share premium) issued by other regulated entities and held by third parties (amount allowed in group CET1)	–	–	9,423	–	A2

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

Basel III common disclosure template		Solo		Consolidated		
Common Equity Tier 1 capital: instruments and reserves		**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Ref No. (Section 17/ DF 12)**
6	**Common Equity Tier 1 capital before regulatory adjustments**	238,796	–	248,259	–	
	Common Equity Tier 1 capital: regulatory adjustments					
7	Prudential valuation adjustments	–	–	–	–	
8	Goodwill (net of related tax liability)	6	–	6	–	E1
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	5	–	128	–	E2
10	Deferred tax assets	15,033	–	14,260	–	
11	Cash-flow hedge reserve	–	–	–	–	
12	Shortfall of provisions to expected losses	–	–	–	–	
13	Securitisation gain on sale	–	–	–	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	–	–	–	
15	Defined-benefit pension fund net assets	–	–	–	–	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	–	–	–	–	
17	Reciprocal cross-holdings in common equity	–	–	–	–	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	–	–	–	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	–	–	–	–	
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	–	–	–	–	
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	730	0	730	0	
	of which: HO Debit Balance (20%)	–	–	–	–	F
	of which: Incurred CVA losses	730	0	730	0	
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**	15,774	–	15,124	–	
29	**Common Equity Tier 1 capital (CET1)**	223,022	–	233,135	–	

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

	Basel III common disclosure template	Solo		Consolidated		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Ref No. (Section 17/ DF 12)**
	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*	–	–	–	–	
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**	–	–	–	–	
	Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	–	–	–	–	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	–	–	–	–	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory 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)[10]	–	–	–	–	
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:	–	–	–	–	
	of which:	–	–		–	
	of which:	–	–		–	
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**	–	–	–	–	
44	**Additional Tier 1 capital (AT1)**	–	–	–	–	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**223,022**	–	**233,135**	–	
	Tier 2 capital: instruments and provisions					
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	–	–	–	
47	Directly issued capital instruments subject to phase out from Tier 2	–	–	–	–	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–	–	–	–	
49	*of which: instruments issued by subsidiaries subject to phase out*	–	–	–	–	
50	Provisions	10,260	–	10,316	–	B2*45%+ C2+D1+D2+ D3+D4

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

	Basel III common disclosure template	**Solo**		**Consolidated**		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Ref No. (Section 17/ DF 12)**
51	**Tier 2 capital before regulatory adjustments**	10,260	–	10,316	–	
	Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	–	–	–	–	
53	Reciprocal cross-holdings in Tier 2 instruments	–	–	–	–	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–	–	–	–	
55	Significant investments 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: Investment in Subsidiaries	–	–	–	–	
	of which: [insert type of adjustment]	–	–	–	–	
57	**Total regulatory adjustments to Tier 2 capital**	–	–	–	–	
58	**Tier 2 capital (T2)**	10,260	–	10,316	–	
58a	**Tier 2 capital reckoned for capital adequacy**	10,260	–	10,316	–	
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	–	–	–	–	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	10,260	–	10,316	–	
59	**Total capital (TC = T1 + T2) (45 + 58c)**	233,282	–	243,451	–	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment					
	of which:					
60	Total risk weighted assets (60a + 60b + 60c)	1,660,620	–	1,687,432	–	
60a	of which: total credit risk weighted assets	1,377,037	–	1,400,174	–	
60b	of which: total market risk weighted assets	127,132	–	127,220	–	
60c	of which: total operational risk weighted assets	156,451	–	160,038	–	
	Capital Ratios					
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.43%		13.82%		
62	Tier 1 (as a percentage of risk weighted assets)	13.43%		13.82%		
63	Total capital (as a percentage of risk weighted assets)	14.05%		14.43%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	–	–	–	–	
65	of which: capital conservation buffer requirement	–	–	–	–	
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)	–	–	–	–	

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

Basel III common disclosure template		Solo		Consolidated		
Common Equity Tier 1 capital: instruments and reserves		**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Basel III Amounts**	**Amounts Subject to Pre-Basel III Treatment**	**Ref No. (Section 17/ DF 12)**
70	National Tier 1 minimum ratio (if different from Basel III minimum)	–	–	–	–	
71	National total capital minimum ratio (if different from Basel III minimum)	–	–	–	–	
	Amounts below the thresholds for deduction (before risk weighting)					
72	Non-significant investments in the capital of other financial entities	–	–	–	–	
73	Significant investments in the common stock of financial entities	–	–	–	–	
74	Mortgage servicing rights (net of related tax liability)	–	–	–	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	–	–	–	–	
	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)	–	–	–	–	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	–	–	–	–	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	–	–	–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	–	–	–	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)					
80	*Current cap on CET1 instruments subject to phase out arrangements*	–	–	–	–	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	–	–	–	–	
82	*Current cap on AT1 instruments subject to phase out arrangements*	–	–	–	–	
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	–	–	–	–	
84	*Current cap on T2 instruments subject to phase out arrangements*	–	–	–	–	
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	–	–	–	–	

Notes to the Template

(₹ in M)

Row	Particular	Solo	Consolidated
10	*Deferred tax assets associated with accumulated losses*		
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	15,032	14,260
	Total as indicated in row 10	15,032	14,260
19	*If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank*	–	–
	of which: Increase in Common Equity Tier 1 capital	–	–
	of which: Increase in Additional Tier 1 capital	–	–
	of which: Increase in Tier 2 capital	–	–
26b	*If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:*		
	(i) Increase in Common Equity Tier 1 capital	–	–
	(ii) Increase in risk weighted assets	–	–

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

(₹ in M)

Row	Particular	Solo	Consolidated
44a	*Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)*	–	–
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	–	–
50	*Eligible Provisions included in Tier 2 capital*	7,665	7,720
	Eligible Revaluation Reserves included in Tier 2 capital	2,596	2,596
	Total of row 50	10,260	10,316

17. DF 12 - Composition of Capital Reconciliation

(₹ in M)

		Balance sheet as in financial statements As on 31 Mar 17	Balance sheet under regulatory scope of consolidation As on 31 Mar 17	Ref. No. (Section 16/ DF 11)
	Capital & Liabilities			
i	**Paid-up Capital**	**74,401**	**83,824**	
	H.O. assigned Capital	74,401	74,401	A1
	Common share capital (plus share premium) issued by other regulated entities and held by third parties (amount allowed in group CET1)	–	9,423	A2
	of which: Amount eligible for CET1	74,401	83,824	
	of which: Amount eligible for AT1	–	–	
ii	**Reserves & Surplus**	**189,474**	**189,843**	
a	Statutory Reserves	73,904	74,788	B1
b	Property Revaluation Reserve	5,768	5,768	B2
c	Capital Reserves-Surplus on sale of immovable properties	9,776	9,776	B3
d	Capital Reserves-Surplus on sale of Held To Maturity investments	985	985	B4
e	Capital Reserve	302	302	
e	Remittable Surplus retained in India for CRAR	79,220	79,220	B5
f	Profit and Loss Account	18,154	17,514	
	a) Considered for Regulatory Consolidation	–	(969)	B6
	b) Not Considered for Regulatory Consolidation	18,154	18,483	
g	Exchange Reserve	1	1	B7
h	Property Investment Reserve	207	207	C1
i	Investment Reserve	1,156	1,156	C2
j	General Reserve	–	126	C3
	Total Capital	**263,875**	**273,667**	
iii	**Deposits**	**801,158**	**801,158**	
	of which: Deposits from banks	17,317	17,317	
	of which: Customer deposits	783,841	783,841	
	of which: Other deposits (pl.specify)	–	–	
iv	**Borrowings**	**122,820**	**133,661**	
	of which: From RBI	–	–	
	of which: From banks	–	–	
	of which: From other institutions	82,449	82,449	
	of which: subordinated debt	–	–	
	of which: Others (pl. specify)	40,371	51,212	
v	**Other liabilities & provisions**	**262,035**	**263,193**	
	of which: Provision for Countercyclical Buffer	750	750	D1
	of which: Provision Held for Sold NPA's	312	312	D2
	of which: Provision for Country Risk	64	64	D3
	of which: Provision for Standard assets	9,199	9,255	D4
	Total Capital & Liabilities	**1,449,888**	**1,471,679**	

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

		Balance sheet as in financial statements As on 31 Mar 17	Balance sheet under regulatory scope of consolidation As on 31 Mar 17	Ref. No. (Section 16/ DF 11)
	Assets			
vi	**Cash and balances with Reserve Bank of India**	**38,713**	**38,713**	
vii	**Balance with banks and money at call and short notice**	**53,817**	**56,529**	
viii	**Investments**	**364,204**	**364,384**	
	of which: Government securities	304,999	304,999	
	of which: Other approved securities	–	–	
	of which: Shares	368	548	
	of which: Debentures & Bonds	19,628	19,628	
	of which : Subsidiaries / Joint Ventures / Associates	–	–	
	of which: Others (Pass-through certificates, Mutual Funds etc.)	39,209	39,209	
ix	**Loans and advances**	**686,293**	**704,069**	
	of which: Loans and advances to banks	–	–	
	of which: Loans and advances to customers	686,293	704,069	
x	**Fixed assets**	**14,172**	**14,356**	
	of which: Goodwill	6	6	E1
	of which: Intangible	5	128	E2
xi	**Other assets**	**292,689**	**293,629**	
	of which: Deferred tax assets	38,911	39,072	
	of which: Ho Debit Balance	0	0	F
	Total Assets	**1,449,888**	**1,471,679**	

18. **DF 13 - Main Features of Regulatory Capital Instruments**

As of 31 Mar 2017, there were no regulatory capital instruments issued by SCBI.

19. **DF 14 - Full Terms and Conditions of Regulatory Capital Instruments**

As of 31 Mar 2017, there were no regulatory capital instruments issued by SCBI.

20. **DF 15 - Disclosure Requirements for Remuneration**

The Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of the RBI Circular No. DBOD No.BC.72/29.67/001/2011-12 dated 13 January 2012, the Regional Office of the Bank has submitted a declaration to RBI confirming the aforesaid matter. Accordingly no disclosure is required to be made in this regard.

21. **DF 16 - Equities – Disclosure for Banking Book Positions**

Investments in equities (in ₹ 000's) as at 31 Mar 2017 amounts to ₹ 3,781,527 and mainly include shares obtained from restructuring of debt in case of certain clients. As per the banks accounting policy they are classified as 'Available for Sale' (AFS). Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at Re. 1, as per RBI guidelines.

The break-up of equities into quoted and unquoted is as under:

(₹ in 000s)

Particulars	**31.03.2017**	**31.03.2016**
Quoted	2,388,326	775,736
Unquoted	1,393,201	710,914
Total	**3,781,527**	**1,486,650**

22. **Leverage Ratio**

The bank is required to maintain a minimum leverage ratio of 4.5%. The bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is 10.56% as of 31 Mar 2017 (Previous Year: 10.64%).

<u>DF 17 - Quantitative disclosures</u>

Summary comparison of accounting assets vs. leverage ratio exposure measure (₹ in M)

		31 March 2017		31 March 2016	
Sr. No.	**Item**	**Solo**	**Consol**	**Solo**	**Consol**
1	Total consolidated assets as per published financial statements	1,449,888	1,471,679	1,298,619	1,312,829
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–	–	–	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–	–	–	–
4	Adjustments for derivative financial instruments	144,626	144,626	240,270	240,270
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	2,236	2,236	2,116	2,116
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	422,157	422,222	406,091	406,091
7	Other adjustments	(38,162)	(37,512)	(38,992)	(38,276)
8	**Leverage ratio exposure**	**1,980,745**	**2,003,251**	**1,908,103**	**1,923,029**

Risk review and disclosures under Basel III Framework for the period ended 31 March 2017 *(Continued)*

DF 18-Quantitative disclosures

Leverage ratio common disclosure as of 31 Mar 2017

(₹ in M)

		31 Mar 2017		31 Mar 2016	
Sr. No.	**Item**	**Solo**	**Consol**	**Solo**	**Consol**
	ON-BALANCE SHEET EXPOSURES				
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,236,690	1,258,481	1,159,810	1,174,020
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(15,774)	(15,124)	(26,866)	(26,149)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**1,220,916**	**1,243,357**	**1,132,945**	**1,147,871**
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	190,810	190,810	126,682	126,682
5	Add-on amounts for PFE associated with all derivatives transactions	261,096	261,096	286,592	286,592
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)	(116,470)	(116,470)	(46,321)	(46,321)
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)**	**335,436**	**335,436**	**366,953**	**366,953**
	SECURITIES FINANCING TRANSACTION EXPOSURES				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	22,388	22,388	12,127	12,127
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(20,449)	(20,449)	(12,127)	(12,127)
14	CCR exposure for SFT assets	297	297	2,116	2,116
15	Agent transaction exposures	–	–	–	–
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**2,236**	**2,236**	**2,116**	**2,116**
	OTHER OFF-BALANCE SHEET EXPOSURES				
17	Off-balance sheet exposure at gross notional amount	1,300,303	1,300,368	1,188,303	1,188,303
18	(Adjustments for conversion to credit equivalent amounts)	(878,144)	(878,144)	(782,212)	(782,212)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**422,157**	**422,222**	**406,091**	**406,091**
	CAPITAL AND TOTAL EXPOSURES				
20	Tier 1 capital	201,683	211,451	195,168	204,585
21	Total exposures (sum of lines 3, 11, 16 and 19)	1,980,745	2,003,251	1,908,103	1,923,030
	LEVERAGE RATIO				
22	Basel III leverage ratio	10.18%	10.56%	10.23%	10.64%

Reconciliation of total published balance sheet size and on balance sheet exposure

(₹ in M)

		31 Mar 2017		31 Mar 2016	
Sr. No.	**Item**	**Solo**	**Consol**	**Solo**	**Consol**
1	Total consolidated assets as per published financial statements	1,449,888	1,471,679	1,298,619	1,312,829
2	Replacement cost associated with all derivatives transactions i.e. net of eligible cash variation margin	(190,810)	(190,810)	(126,682)	(126,682)
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(22,388)	(22,388)	(12,127)	(12,127)
4	Adjustments for entities outside the scope of regulatory consolidation	–	–	–	–
5	**On-balance sheet exposures under leverage ratio (excluding derivatives and SFTs)**	**1,236,690**	**1,258,481**	**1,159,810**	**1,174,020**