INDEPENDENT AUDITOR'S REPORT

To
The Chief Executive Officer
Australia and New Zealand Banking Group Limited – India Branches

Report on the Financial Statements

1. We have audited the accompanying financial statements of Australia and New Zealand Banking Group Limited – India Branches ('the Bank'), which comprise the Balance Sheet as at 31 March 2016, the Profit and Loss account, the Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India from time to time.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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

4. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the applicable 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 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 of material misstatements.
5. An audit involves performing procedures to obtain audit evidence about the amounts and 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 controls 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 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.
6. 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

7. 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 Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2016;
   (b) in the case of the Profit and Loss account, of the profit of the Bank for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
9. 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) the Bank has two branches which we have visited during the course of our audit. 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.

   Further, as required by Section 143(3) of the Companies Act, 2013, we further report that:
   (i) we have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
   (iii) the financial accounting systems of the Bank are centralized and, therefore, returns are not necessary to be submitted by the branches;
   (iv) 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;
   (v) 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;
   (vi) the requirements of Section 164(2) of the Act are not applicable considering the Bank is a branch of Australia and New Zealand Banking Group Limited, which is incorporated and registered in Australia;
   (vii) 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";
   (viii) 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:
      (a) the Bank does not have any pending litigations which would impact its financial position;
      (b) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, wherever required, on long-term contracts including derivative contracts - Refer schedule 5 and 12 to the financial statements;
      (c) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

Sd/-
Ashwin Suvarna
Partner
Membership No: 109503

Mumbai
22 June, 2016

Annexure A to the Independent Auditor's Report of even date on financial statements of

Australia and New Zealand Banking Group Limited - India Branches

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

1. We have audited the internal financial controls over financial reporting of Australia and New Zealand Banking Group Limited - India Branches ('the Bank') as at 31 March 2016 in conjunction with our audit of financial statements of the Bank for the year ended on that date.

Management's Responsibility for the Internal Financial Controls

2. 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 ('ICAI').

3. 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 Act.

Auditor's Responsibility

4. 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 ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls.

5. 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 were established and maintained and if such controls operated effectively in all material respects.

6. 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.

7. 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

8. The 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. The 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 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

9. 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

10. 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 2016, 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 issued by the ICAI.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

Sd/-
Ashwin Suvarna
Partner
Membership No: 109503

Mumbai
22 June, 2016

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED - INDIA BRANCHES

(Incorporated in Australia with limited liability)

BALANCE SHEET

	Schedule	As at 31 March 2016 (₹ '000s)	As at 31 March 2015 (₹ '000s)
CAPITAL AND LIABILITIES			
Capital	1	11,311,074	11,311,074
Reserves and surplus	2	1,469,034	993,453
Deposits	3	21,935,949	22,302,151
Borrowings	4	9,705,050	15,359,602
Other liabilities and provisions	5	12,668,127	8,609,151
Total Capital and liabilities		**57,089,234**	**58,575,431**
ASSETS			
Cash and balances with Reserve Bank of India	6	1,879,041	3,751,363
Balances with banks and money at call and short notice	7	503,664	4,746,302
Investments	8	17,788,640	18,788,681
Advances	9	25,306,778	22,583,709
Fixed assets	10	812,366	253,667
Other assets	11	10,798,745	8,451,709
Total Assets		**57,089,234**	**58,575,431**
Contingent liabilities	12	545,788,393	436,757,108
Bills for collection	-	1,683,117	7,743,509

Significant accounting policies and notes to financial statements 17, 18

The accompanying schedules form an integral part of the Balance Sheet.

As per our report of even date

For B S R & Associates LLP
Chartered Accountants
Firm Registration
No. 116231W/W-100024

Sd/-
Ashwin Suvarna
Partner
Membership No. 109503

Place: Mumbai
Date: 22 June 2016

For **Australia and New Zealand Banking Group Limited - India Branches**

Sd/-
Sanjeev Bajaj
Chief Executive Officer

Sd/-
Vinit Kumar Sarawgi
Chief Financial Officer

PROFIT AND LOSS ACCOUNT

	Schedule	For the year ended 31 March 2016 (₹ '000s)	For the year ended 31 March 2015 (₹ '000s)
I. INCOME			
Interest earned	13	2,907,034	2,844,271
Other income	14	1,393,426	1,232,491
Total		**4,300,460**	**4,076,762**
II. EXPENDITURE			
Interest expended	15	1,888,414	1,715,627
Operating expenses	16	1,587,069	1,380,228
Provisions and contingencies	16A	349,396	416,323
Total		**3,824,879**	**3,512,178**
III. PROFIT/(LOSS)			
Net Profit for the year		475,581	564,584
Profit/(Loss) brought forward from previous year		-	-
Total		**475,581**	**564,584**
IV. APPROPRIATIONS			
Transfer to Statutory Reserves	2	118,895	141,146
Transfer to/(from) Investment Reserve	2	441	(142)
Remittable Surplus retained in India for Capital to Risk-weighted Assets ratio (CRAR)	2	356,245	423,580
Balance carried over to balance sheet	2	-	-
Total		**475,581**	**564,584**

Significant accounting policies and notes to financial statements 17, 18

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

As per our report of even date

For B S R & Associates LLP
Chartered Accountants
Firm Registration
No. 116231W/W-100024

Sd/-
Ashwin Suvarna
Partner
Membership No. 109503

Place: Mumbai
Date: 22 June 2016

For **Australia and New Zealand Banking Group Limited - India Branches**

Sd/-
Sanjeev Bajaj
Chief Executive Officer

Sd/-
Vinit Kumar Sarawgi
Chief Financial Officer

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED - INDIA BRANCHES

(Incorporated in Australia with limited liability)

CASH FLOW STATEMENT

	For the year ended 31 March 2016 (₹ '000s)	For the year ended 31 March 2015 (₹ '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before taxation	877,007	885,208
Adjustments for:		
Depreciation on Bank's property	163,244	118,519
Provision in respect of non-performing assets (including general provision on standard assets and country risk exposure)	(50,994)	94,774
(Appreciation)/Depreciation on investments	(1,036)	925
(Profit) on sale of fixed assets	-	(124)
Write off of fixed assets	-	-
Operating profit before working capital changes	988,221	1,099,302
Adjustments for:		
Decrease/(Increase) in investments	1,001,077	(3,134,684)
(Increase) in advances	(2,723,069)	(2,111,399)
(Increase) in other assets	(2,469,288)	(1,982)
(Decrease)/Increase in deposits	(366,202)	741,459
Increase/(Decrease) in other liabilities and provisions	4,109,973	(588,915)
	540,712	(3,996,219)
Direct taxes paid	(279,179)	(396,038)
Net cash flow from/(used in) operating activities (A)	261,533	(4,392,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (Including Capital WIP)	(721,943)	(23,827)
Proceeds from the sale of fixed assets	-	448
Net cash flow from/(used in) investing activities (B)	(721,943)	(23,379)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital infusion	-	-
(Decrease)/Increase in borrowings	(5,654,551)	980,963
Net cash flow from/(used in) financing activities (C)	(5,654,551)	980,963
Net increase in cash and cash equivalents (A+B+C)	(6,114,961)	(3,434,673)
Cash and cash equivalents at the beginning of the year (D)	8,497,665	11,932,338
Cash and cash equivalents at the end of the year (E)	2,382,704	8,497,665
Net Increase/(Decrease) in cash and cash equivalents (E-D) (F)	**(6,114,961)**	**(3,434,673)**

Note : Cash and Cash equivalents represent

	Schedule	As at 31 March 2016	As at 31 March 2015
Cash and Balance with Reserve Bank of India	6	1,879,041	3,751,363
Balance with banks and Money at call and short notice	7	503,664	4,746,302
Total		**2,382,705**	**8,497,665**

As per our report of even date

For B S R & Associates LLP
Chartered Accountants
Firm Registration
No. 116231W/W-100024

Sd/-
Ashwin Suvarna
Partner
Membership No. 109503

Place: Mumbai
Date: 22 June 2016

For **Australia and New Zealand Banking Group Limited - India Branches**

Sd/-
Sanjeev Bajaj
Chief Executive Officer

Sd/-
Vinit Kumar Sarawgi
Chief Financial Officer

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED - INDIA BRANCHES

(Incorporated in Australia with limited liability)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	As at 31 March 2016 (₹ '000s)	As at 31 March 2015 (₹ '000s)
1. CAPITAL		
Amount of deposit kept with Reserve Bank of India under Section 11 (2) (b) of the Banking Regulation Act, 1949	450,000	200,000
Head Office Account		
Capital remitted by Head Office		
Opening balance	11,311,074	11,311,074
Additions during the year	-	-
Total	**11,311,074**	**11,311,074**
2. RESERVES AND SURPLUS		
a Statutory Reserves		
Balance, beginning of the year	280,503	139,357
Transfer from Profit and Loss Account	118,895	141,146
Balance, end of the year	399,398	280,503
b Remittable Surplus retained in India for Capital to Risk-weighted Assets ratio (CRAR)		
Balance, beginning of the year	712,950	289,370
Transfer from Profit and Loss Account	356,245	423,580
Balance, end of the year	1,069,195	712,950
c Investment Reserve		
Balance, beginning of the year	-	142
Transfer (to)/from Profit and Loss Account	441	(142)
Balance, end of the year	441	-
Total	**1,469,034**	**993,453**
3. DEPOSITS		
a I. Demand Deposits		
From banks	109,821	24,876
From others	1,482,192	2,496,530
Total Demand Deposits	**1,592,013**	**2,521,406**
II. Savings Bank Deposits		
Total Savings Bank Deposits	3,372	30
III. Term Deposits		
From banks	-	-
From others	20,340,564	19,780,715
Total Term Deposits	**20,340,564**	**19,780,715**
Total	**21,935,949**	**22,302,151**
b I. Deposits of branches in India	21,935,949	22,302,151
II. Deposits of branches outside India	-	-
Total	**21,935,949**	**22,302,151**
4. BORROWINGS		
a Borrowings in India from		
(i) Reserve Bank of India	2,250,000	-
(ii) Other banks	30,000	1,030,000
(iii) Other institutions and agencies	6,745,011	-
	9,025,011	**1,030,000**
b Borrowings outside India	680,039	14,329,602
Total	**9,705,050**	**15,359,602**
Secured Borrowings included in a and b above	8,995,011	-
5. OTHER LIABILITIES AND PROVISIONS		
Bills payable	4,968	14,903
Inter Office Adjustment (net)	-	-
Interest accrued	724,232	476,971
Contingent provision against standard assets	190,952	241,531
Others (including provisions) (Refer Schedule 18 Note 34)	11,747,975	7,875,746
Total	**12,668,127**	**8,609,151**
6. CASH AND BALANCES WITH RESERVE BANK OF INDIA		
Cash in hand (including foreign currency notes)	630	424
Balance with Reserve Bank of India in current account	1,878,411	3,750,939
Total	**1,879,041**	**3,751,363**
7. BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with banks		
(a) In current accounts	64,324	126,334
(b) In other deposit accounts	-	3,550,000
(ii) Money at call and short notice		
(a) with banks	-	-
(b) with other institutions	-	-
	64,324	**3,676,334**
II. Outside India		
(i) In current accounts	439,340	1,069,968
(ii) In other deposit accounts	-	-
(iii) In money at call and short notice	-	-
	439,340	**1,069,968**
Total	**503,664**	**4,746,302**
8. INVESTMENTS		
I. Investments in India in		
(i) Government securities	17,788,640	18,789,717
(ii) Other approved securities	-	-
(iii) Shares	-	-
(iv) Debentures and bonds	-	-
(v) Subsidiaries	-	-
(vi) Others	-	-
Less: Diminution in the value of investments	-	-
	17,788,640	**18,789,717**
II. Investments outside India in		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and/or Joint venture abroad	-	-
(iii) Other Investments	-	-
	-	-
Gross Investments	**17,788,640**	**18,789,717**
Less: Provision for depreciation on investments	-	1,036
Total	**17,788,640**	**18,788,681**
9. ADVANCES		
a. I. Bills purchased and discounted	1,321,850	2,077,995
II. Cash credits, overdrafts and loans repayable on demand	21,811,730	18,696,131
III. Term loans	2,173,198	1,809,583
	25,306,778	**22,583,709**
b. I. Secured by tangible assets	4,715,732	4,880,257
II. Covered by bank/government guarantees	-	-
III. Unsecured	20,591,046	17,703,452
	25,306,778	**22,583,709**
c. I. Advances in India		
Priority sector	8,756,672	8,755,738
Public sector	1,665,764	1,863,813
Banks	-	-
Others	14,884,342	11,964,158
	25,306,778	**22,583,709**
II. Advances outside India		
Due from banks	-	-
Due from others	-	-
	-	-
Total	**25,306,778**	**22,583,709**
10. FIXED ASSETS		
I. Premises	-	-
II. Other Fixed Assets (Including furniture and fixtures)		
Balance, beginning of the year	645,323	633,775
Additions during the year	746,505	12,871
Deductions during the year	-	1,323
Less : Depreciation to date	(583,156)	(419,912)
Net book value of other fixed assets	**808,672**	**225,411**
Capital work in progress	3,694	28,256
Total Net Book Value of Fixed Assets	**812,366**	**253,667**

11. OTHER ASSETS		
Inter Office Adjustment (net)	-	-
Interest accrued	50,146	143,108
Tax paid in advance/tax deducted at source (net of provision for taxation)	-	76,225
Deferred tax asset (Refer Schedule 18 Note 30)	258,297	104,195
Stationery and stamps	-	-
Others (Refer Schedule 18 Note 34)	10,490,302	8,128,181
Total	**10,798,745**	**8,451,709**
12. CONTINGENT LIABILITIES		
Claims against the Bank not acknowledged as debts	-	-
Liability for partly paid investments in shares	-	-
Liability on account of outstanding foreign exchange contracts	239,335,176	186,713,109
Liability on account of derivative contracts	288,324,018	232,963,458
Guarantees given on behalf of constituents		
- In India	16,055,872	12,095,924
- Outside India	-	-
Acceptances, endorsements and other obligations	2,021,927	4,825,481
Other items for which the Bank is contingently liable		
- Tax demands	51,400	261
- Purchase of Investments	-	158,875
Total	**545,788,393**	**436,757,108**
13. INTEREST EARNED		
Interest/discount on advances/bills	1,264,212	1167,080
Income on investments	1,412,229	1154,029
Interest on balances with Reserve Bank of India and other inter-bank funds	225,893	520,992
Others	4,700	2,170
Total	**2,907,034**	**2844,271**
14. OTHER INCOME		
Commission, exchange and brokerage	106,706	1,53,092
Net profit/(loss) on sale of Investments	(45,858)	1,05,855
Net profit/(loss) on sale of premises and other assets	-	124
Net profit/(loss) on exchange transactions (including derivatives)	760,198	390,637
Miscellaneous income	572,380	582,783
Total	**1,393,426**	**1,232,491**
15. INTEREST EXPENDED		
Interest on deposits	1,632,357	1,535,712
Interest on Reserve Bank of India and inter-bank borrowings	242,658	150,740
Others	13,399	29,175
Total	**1,888,414**	**1,715,627**
16. OPERATING EXPENSES		
Payments to and provisions for employees	789,161	736,208
Rent, taxes and lighting	258,642	227,759
Printing and stationery	4,267	3,910
Advertisement and publicity	259	2,632
Depreciation on Bank's property	163,244	118,519
Auditors' fees and expense	2,844	2,200
Legal and professional charges	43,447	52,081
Postage, telegrams, telephones, etc.	7,088	6,205
Repairs and maintenance	6,750	4,587
Insurance	26,821	23,172
Other expenses (Refer Schedule 18 Note 32)	284,546	202,955
Total	**1,587,069**	**1,380,228**

16A PROVISIONS AND CONTINGENCIES		
Specific provisions against advances written back (net of bad debts written off)	-	-
General provision against standard assets	(50,578)	94,358
Provision towards country risk	(416)	416
Diminution in the value of Investments	(1,036)	925
Provision on account of tax		
- Current tax expense	555,528	377,256
- Deferred tax expense/(Income)	(154,102)	(56,632)
Total	**349,396**	**416,323**

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Background

The accompanying financial statements for the year ended 31 March 2016 comprise of the accounts of the India Branches of Australia and New Zealand Banking Group Limited ('the Bank') which is incorporated in Australia with limited liability. The Bank has two branches in India as on 31 March 2016.

2. Basis of preparation

The accompanying financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, unless otherwise stated, and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and the guidelines issued by 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 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.

3. Use of Estimates

The preparation of financial statements in conformity with applicable GAAP requires management to make estimates and assumptions considered in the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the result of operations during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates and assumptions is recognised prospectively in current and future periods.

4. Significant accounting policies

4.1. Revenue recognition

a) Interest income is recognised on an accrual basis, except in case of interest on Non-Performing Assets (NPAs), which is recognised as income on receipt, in accordance with RBI guidelines.

b) Interest income on discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis (interest rate implied by the discounted purchased price).

c) Fees and commission on guarantees, letters of credit and loans are recognised as and when due once the services are rendered. In case tenor of guarantee is more than one year, fees for issuance is amortised on straight-line basis over the period of guarantee except guarantee fees up to a set threshold (1% of total fees and commission income or ₹ 15,00,000 whichever is lower), which is recognised upfront in the year of issuance of guarantee.

d) Fees from support services are recognised based on applicable service contracts and when the service has been rendered.

4.2. Fixed Assets and Depreciation

a) Fixed assets are carried at cost less accumulated depreciation.

b) Cost includes purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit/ capacity of such asset.

c) Cost of motor vehicles acquired on finance lease is amortised using the straight-line method over the primary period of lease.

d) Assets other than software, individually costing up to ₹ 5,000 and mobile instruments are written off in the month of acquisition.

e) Software costing up to 30,000 (in ₹ '000) is written off in the year of acquisition, in consideration that economic useful life is less than one year.

f) The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of class of assets, based on internal technical evaluation, where a different estimate of useful life is considered suitable.

g) Depreciation is provided on the straight-line method over the estimated useful life of the asset, as follows:

Asset Type	Depreciation Rate (%) per annum
Furniture & Fixture	10.00
Office Equipment	33.33
Computers	33.33
Purchased Software*	10.00
Internally Developed Software	20.00
Leasehold Improvements	Over remaining period of lease
Plant & Machinery	20.00

*Purchased Software was depreciated at the rate of 33.33 % till financial year ending 31 March 2015.

h) The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account for the period. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

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

4.3. Employee Benefits

a) Provident Fund – Defined Contribution Plan

The Bank contributes to provident fund which is a defined contribution retirement plan for eligible employees. These contributions are accounted on an accrual basis and are charged to the Profit and Loss Account.

b) Gratuity - Defined Benefit Plan

Gratuity Liabilities are defined obligations and Bank's contribution towards the same is determined by an independent actuary based on the projected unit credit method as at the balance sheet date as per requirements of AS -15 (Revised 2005) – Employee Benefits. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

c) Employee share-based payments

The eligible employees of the Bank have been granted remuneration in the form of Equity Plans by Australia and New Zealand Banking Group Limited (Head Office). As per this plan, Equity is delivered as either the Bank's shares or the Bank's share rights.

4.4. Taxation

Income tax expense comprises of current tax and deferred tax charge.

a) Current taxes

The current charge for income tax is based on the estimated tax liability as computed after taking credit for allowances and exemptions in accordance with the Income tax Act, 1961 applicable for the year.

b) Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the Bank's financial statements.

The deferred tax assets and liabilities are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that their future realisation is reasonably certain. However where there is unabsorbed depreciation and carry forward losses under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such asset.

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

4.5. Leases

a) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account over the term of the lease on a straight line basis.

b) Finance Lease

Leases where the lessee effectively retains substantially all the risks and benefits of ownership of the leased items are classified as finance leases. At the inception, lease is recognised as an asset and a liability at lower of fair value of leased asset and the present value of minimum lease payments. Lease payments are appropriated between finance charge and the reduction of outstanding liability so as to produce a constant periodic rate of interest on the balance of the liability. The costs identified as directly attributable to activities performed by the lessee for a finance lease are included as part of the amount recognised as an asset under the lease.

4.6. Provisions, contingent liabilities and contingent assets

a) The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources to settle the obligation and a reliable estimate can be made of the amount of the 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.

b) 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.

c) Contingent assets are not recognised in the financial statements.

4.7. Foreign Exchange Transactions

a) Monetary Assets, Liabilities and Contingent 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) on that date. The resultant profit or loss including those on cancelled contracts is recognized in the profit and loss account and related assets and liabilities are accordingly stated in the balance sheet.

b) Foreign Currency profit & loss are translated at month end FEDAI Rate.

c) Foreign exchange contracts outstanding at the balance sheet date are marked to market at rates notified by FEDAI for specified maturities, suitably interpolated for in-between maturity contracts as specified by FEDAI. Contracts of maturities over 12 months (long term forex contracts) are marked to market at rates derived from the Reuter's curve for that respective currency. The resulting profit or losses are recognized in the profit and loss account.

4.8. Investments

Classification and valuation of the Bank's investments is carried out in accordance with extant RBI guidelines on Investment classification and valuation.

Investments are accounted on settlement date basis. Investments are classified as "Held for trading" (HFT) or "Available for Sale" (AFS) and "Held to Maturity" (HTM) in accordance with RBI guidelines. During the year ended 31 March 2016, the Bank has not classified any investment in HTM category. Under each of these classifications, investments are further categorized under i) Government securities ii) Other approved securities iii) Shares iv) Debentures and bonds v) Subsidiaries and vi) Others.

a) Acquisition cost

Cost of Investments excludes broken period interest paid on acquisition of investments. Brokerage, commission etc. paid at the time of acquisition are charged to the Profit and Loss account. Broken period interest on debt instrument is accounted for in accordance with RBI guidelines.

b) Sale of Investments

Profit/Loss on sale of investments under the HFT and AFS categories are taken to the Profit and Loss account. First in First out (FIFO) method is applied to arrive at the cost of investments.

c) Valuation of Investments

Investments under AFS category are marked to market on a quarterly basis and those classified under HFT are marked to market on a monthly basis. Investments classified under the HFT and AFS categories are valued at lower of acquisition cost or market value. Securities are valued scrip wise and depreciation/appreciation is aggregated for each category. Net depreciation per category is provided for while net appreciation is ignored. Book value of the individual security is not changed consequent to revaluation of the security.

Treasury bills being discounted instruments are valued at carrying cost.

d) Transfer of securities between categories

Reclassification of investments from one category to other is done in accordance with RBI guidelines and any such transfer is accounted for at the lower of acquisition cost/book value/market value as on the date of transfer, and depreciation, if any, on such transfer is fully accounted for.

4.9. Repo/Reverse repo

In accordance with the RBI guidelines, repurchase (repos) and reverse repurchase (reverse repos) transactions are accounted as Collateralised Borrowing and Lending Obligation.

The Bank follows aforesaid principle to account repo and reverse repo transactions undertaken under Liquidity Adjustment Facility (LAF).

4.10. Advances

Classification and provisions for advances of the Bank are carried out in accordance with the extant RBI guidelines on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

a) Classification

Advances are classified as performing and non performing based on the RBI's prudential norms on classification.

b) Provisioning

Advances are stated net of specific provisions made towards non performing advances. The Bank maintains a provision on standard assets at rates and as per norms prescribed by RBI. Loan loss provisions in respect of non performing advances are made based on management's assessment of the degree of impairment of advances subject to the minimum provisioning level in accordance with prudential norms prescribed by RBI.

c) Recovery in respect of non performing advances

Amount recovered from non performing advances are first applied towards outstanding principal.

4.11. Derivative Transactions

a) The Bank enters into derivative contracts such as interest rate swaps, cross currency swaps, foreign exchange contracts and foreign exchange options.

b) These derivatives are part of the trading book and are recognised at fair value. The resultant gain/loss is recorded in the profit and loss account while the corresponding unrealised gain/loss are reflected in the balance sheet under the head Other assets/Other liabilities. The notional values of these contracts are recorded as Contingent liabilities.

c) The Bank maintains a provision on standard derivative exposure at rates prescribed by RBI.

d) Amounts due to the Bank under derivative contracts which remain unpaid in cash for more than 90 days from the specified date of payment are classified as non-performing assets.

4.12. Cash and Cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

SCHEDULE 18: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Capital

During the year, the Bank has not received any additional capital from Head Office. (Previous year - NIL).

The Tier 1 capital as at 31 March 2016 is 12,099,202 (₹ ‘000s) (Previous year 12,064,959 (₹ ‘000s).

2. Capital Adequacy Ratios:

The Bank’s Capital to Risk-weighted Asset Ratio (‘CRAR’) is calculated in accordance with the RBI’s ‘Basel III Capital regulations’ issued vide RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated 1 July 2015. Under the Basel III framework, on an on-going basis, the Bank has to maintain a minimum total capital of 9.625% (Previous Year 9.00%) including Capital Conversion Buffer (CCB) at 0.625% (Previous Year Nil) for credit risk, market risk and operational risk. The Minimum Total Capital should include minimum Common Equity Tier I (CET 1) ratio of 6.125% (Previous Year 5.50%), including 0.625% (Previous Year Nil) towards CCB and minimum Tier 1 capital ratio of 7.00% (Previous Year 7.00%).

The Bank’s capital adequacy ratio as per Basel III is as follows:

Sr No	Particulars	As at 31 March 2016	As at 31 March 2015
1	Common Equity Tier 1 capital ratio (%)	17.97%	21.42%
2	Tier 1 capital ratio (%)	17.97%	21.42%
3	Tier 2 capital ratio (%)	0.29%	0.43%
4	Total Capital ratio (CRAR) (%)	18.26%	21.85%
5	Percentage of the shareholding of the Government of India in public sector banks	-	-
6	Amount of equity capital raised	-	-
7	Amount of Additional Tier 1 capital raised; of which PNCPS: PDI:	-	-
8	Amount of Tier 2 capital raised; of which Debt capital instrument: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	-	-

3. Investments (Amount in ₹ ‘000s)

Particulars	As at 31 March 2016	As at 31 March 2015
1) Value of Investments		
(i) Gross Value of Investments	17,788,640	18,789,717
(a) In India	17,788,640	18,789,717
(b) Outside India	-	-
(ii) Provisions for Depreciation	-	1,036
(a) In India	-	1,036
(b) Outside India	-	-
(iii) Net Value of Investments	17,778,640	18,788,681
(a) In India	17,778,640	18,788,681
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on Investments		
(i) Opening Balance	1,036	111
(ii) Add: Provisions made during the year	-	925
(iii) Less: Write back of excess provisions during the year	1,036	-
(iv) Closing balance	-	1,036

There are no non performing Investments as at 31 March 2016 (Previous year Nil).

4. Repo/Reverse Repo Transactions (in face value terms)

(Amount in ₹ ‘000s)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March 2016
Securities sold under repo	**200,000 (250,000)**	**2,250,000 (1,250,000)**	**600,000 (650,000)**	**2,250,000 (-)**
i. Government securities	200,000 (250,000)	2,250,000 (1,250,000)	600,000 (650,000)	2,250,000 (-)
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo	-	-	-	-
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-

The above disclosure includes LAF/Marginal Standing Facility done with RBI.

The days with nil outstanding have been excluded while computing minimum, maximum and average outstanding.

Figures in brackets indicate previous year figures.

5. Non SLR Investment Portfolio

During the year ended 31 March 2016, there was no investment in Non SLR securities (Previous year Nil).

6. Sale and Transfers to/from HTM category

No investments were classified under the category HTM during the year ended 31 March 2016, consequently there was no sale or transfer to/from HTM category (Previous year Nil).

7. Derivatives

Details of outstanding Forward Rate Agreements/Interest Rate Swaps

(Amount in ₹ ‘000s)

Particulars	As at 31 March 2016	As at 31 March 2015
i) The notional principal of swap agreements[1]	196,350,140	181,814,193
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,483,249	1,022,209
iii) Collateral required by the Bank upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps[2]		
- Banks in India	87.42%	92.47%
- Others	12.58%	7.53%
v) The fair value of the swap book[3]	(7,030)	(9,687)

There were no Forward Rate agreements (FRAs) outstanding as at 31 March 2016 (Previous year Nil).

[1] The notional principal amount does not include Cross Currency Swaps.
[2] The concentration is calculated on the basis of credit exposure.
[3] The fair value denotes mark to market on the Interest Rate Swaps.

Exchange Traded Interest Rate Derivatives

The Bank has not entered into any transaction in Exchange Traded Derivatives during the year ended 31 March 2016 (Previous year Nil).

8. Disclosures on risk exposure in derivative

Qualitative Disclosures

The Bank deals in derivatives for balance sheet management, market making purposes and also offers currency and interest rate derivatives to its customers.

Derivatives deals are carried by the treasury front office team. Confirmation, settlement, accounting, risk monitoring, reporting and compliance are handled by independent teams who have clearly defined responsibilities.

Derivative financial instruments are carried at fair value.

The Bank has a risk management and control framework to support its trading and balance sheet activities. The framework incorporates a risk measurement approach to quantify the magnitude of market risk within trading and balance sheet portfolios.

Market risk limits are allocated at various levels and are reported and monitored by Market Risk on a daily basis. The detailed limits framework allocates individual limits to manage and control asset classes, risk factors and profit and loss limits (to monitor and manage the performance of the trading portfolios).

A key measure of market risk is Value at Risk (VaR). VaR is a statistical estimate of the possible daily loss and is based on historical market movements. The Bank measures VaR at a 99% confidence interval. The Bank’s standard VaR approach for both traded and non-traded risk is historical simulation. The Bank calculates VaR using historical changes in market rates, prices and volatilities over the previous 500 business days. Traded and non-traded VaR is calculated using a one-day holding period. The bank also utilises a number of other risk measures (e.g. stress testing) and risk sensitivity limits to measure and manage market risk.

Credit risk is managed on the basis of detailed risk profile of the counterparty, related conditions and expectations. The Bank uses International Swaps and Derivatives Association (ISDA) Master Agreements with its counterparties for derivatives activities.

The Bank applies Current exposure methodology to manage credit risk associated with derivative transactions. This is computed by taking the sum of its mark-to-market value if positive and its potential future exposure which is calculated based on its notional value and residual maturity.

The Bank has made provision on such credit exposures in accordance with RBI circular DBR.No.BP.BC.2/21.04.048/2015-16 dated 1 July 2015.

Quantitative Disclosures[1] (Amount in ₹ '000s)

Sr. No	Particulars	As at 31 March 2016		As at 31 March 2015	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	-	-
	b) For trading	91,973,878	196,350,140	51,149,265	181,814,193
2	Marked to Market Positions (Net)				
	a) Asset (+)	3,444,938	1,483,249	2,855,116	1,022,209
	b) Liability (-)	(3,821,477)	(1,490,279)	(2,944,385)	(1,031,896)
3	Credit Exposure[2]	9,231,403	3,406,383	6,140,043	2,848,071
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	252,258	139,098	69,099	105,409
5	Maximum of 100*PV01 observed during the year[3]				
	a) on hedging	-	-	-	-
	b) on trading	385,015	264,990	83,356	121,847
6	Minimum of 100*PV01 observed during the year[3]				
	a) on hedging	-	-	-	-
	b) on trading	53,046	32,026	19,318	6,576

[1] Disclosure excludes foreign exchange contracts.

[2] Represents total exposure based on current exposure method as per RBI master circular Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 1 July 2015.

[3] The maximum/minimum calculation is based on the monthly PV01 data submitted to RBI.

9. Asset Quality

Non-Performing Assets (Amount in ₹ '000s)

Particulars	As at 31 March 2016	As at 31 March 2015
(i) Net NPAs to Net Advances (%)	-	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	185,290
(b) Additions during the year	-	-
(c) Reductions during the year	-	185,290
(d) Closing balance	-	-
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	-	185,290
(b) Provisions made during the year	-	-
(c) Write-off/write-back of excess provisions	-	185,290
(d) Closing balance	-	-

The Bank has no restructured accounts, sale of financial assets to securitisation/reconstruction Company, purchase/sale of Non Performing Financial Assets during the year and hence the disclosures on particulars of accounts restructured, details of financial assets sold to securitisation/reconstruction company for asset reconstruction and details of non-performing Financial asset purchased/sold are not applicable (Previous year Nil).

10. Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (Amount in ₹ '000s)

	As at 31 March 2016	As at 31 March 2015
Total deposits of twenty largest depositors	21,484,855	22,030,351
Percentage of deposits of twenty largest depositors to total deposits of the Bank	97.94%	98.78%

b) Concentration of Advances* (Amount in ₹ '000s)

	As at 31 March 2016	As at 31 March 2015
Total advances to twenty largest borrowers	32,875,978	29,898,111
Percentage of advance to twenty largest borrowers to total advances of the Bank	44.72%	46.67%

*Advances represent credit exposure (funded and non funded) including derivatives exposure as per RBI master circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 1 July 2015.

Concentration of Exposures** (Amount in ₹ '000s)

	As at 31 March 2016	As at 31 March 2015
Total exposure to twenty largest borrowers/customers	32,875,978	29,898,111
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Bank on borrowers/customers	44.72%	46.67%

**Exposure includes credit exposure (funded and non-funded), derivative exposure and investment exposure as per RBI master circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 1 July 2015. However there is no investment exposure as on 31 March 2016.

c) Concentration of NPAs (Amount in ₹ '000s)

	As at 31 March 2016	As at 31 March 2015
Total Exposure to NPA accounts	-	-

11. Sector-wise Advances

(Amount in ₹ '000s)

Sector	As at 31 March 2016			As at 31 March 2015		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A Priority Sector						
1. Agriculture and allied activities	-	-	-	-	-	-
2. Advances to industries sector eligible as priority sector lending of which:	**7,333,375**	-	-	**6,735,623**	**-**	-
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	927,750	-	-	937,500	-	-
Chemicals and Chemical Products (Dyes, Paints, etc.)	3,693,266	-	-	2,359,465	-	-
Basic Metal and Metal Products	2,204,979	-	-	1,261,739	-	-
Food Processing	-	-	-	976,240	-	-
3. Services of which:	**1,423,297**	-	-	**2,020,115**	-	-
Professional Services	788,435	-	-	1,798,240	-	-
Trade	634,863	-	-	221,875	-	-
4. Personal loans	-	-	-	-	-	-
Sub - total - A	**8,756,672**	**-**	**-**	**8,755,738**	**-**	**-**
B Non Priority Sector						
1. Agriculture and allied activities	-	-	-	-	-	-
2. Industry of which:	**6,911,426**	-	-	**8,626,987**	-	-

Sector	As at 31 March 2016			As at 31 March 2015		
	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
Food Processing	2,753,867	-	-			
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,308,201	-	-	2,113,568	-	-
Basic Metal and Metal Products	1,300,000	-	-	2,003,901	-	-
All engineering	-	-	-	1,385,927	-	-
Other Industries	-	-	-	1,731,361	-	-
3. Services of which:	**9,638,680**	-	-	**5,200,984**	-	-
Tourism, Hotel and Restaurants	1,030,000	-	-			
NBFCs	2,372,500	-	-	1,609,583	-	-
Trade	4,398,361	-	-	2,833,158	-	-
Professional services	1,837,819			636,579	-	-
4. Personal loans	-	-	-	-	-	-
Sub-total - B	**16,550,106**	**-**	**-**	**13,827,971**	**-**	**-**
Total (A + B)	**25,306,778**	**-**	**-**	**22,583,709**	**-**	**-**

12. Movement of NPAs

(Amount in ₹ ‘000s)

Particulars	As at 31 March 2016	As at 31 March 2015
Gross NPAs as on 1 April (Opening Balance)	-	185,290
Additions (new NPAs) during the year	-	-
Sub-total (A)	**-**	**185,290**
Less:-		
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-	-
(iii) Write-offs	-	185,290
Sub-total (B)	**-**	**185,290**
Gross NPAs as on 31 March (closing balance) (A-B)	**-**	**-**

13. Overseas Assets, NPAs and Revenue

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

14. Provisions on Standard Assets*

(Amount in ₹ ‘000s)

Particulars	As at 31 March 2016	As at 31 March 2015
General Provision on Advances	101,227	90,335
General Provision on Credit Exposure on derivatives	32,094	66,373

*Does not include unhedged Foreign currency Exposure provision as disclosed in the Note 15

15. Unhedged Foreign Currency Exposure

The Bank’s credit policy governs management of currency induced credit risk. As per Bank’s policy and procedures, the Bank closely monitors the unhedged foreign currency exposures of all corporate clients. The Bank collects information from clients as regards their Risk Management policy and Foreign Exchange hedging policy as well as their open Foreign Exchange positions owing to their FX denominated borrowings (ECBs, Buyers’ credit etc.) and other liabilities. The information available is considered in the borrower’s annual review credit memorandum and assessment of qualitative scores in the risk rating score-card. Interim findings are put up for discussions and noting to Risk Management Committee (RMC).

As at 31 March 2016, the Bank has provided incremental provisions of 57,631 (₹ ‘000s) (Previous Year 84,823 (₹ ‘000s)) and held incremental capital of 231,839 (₹ ‘000s) (Previous Year 312,377 (₹ ‘000s)).

16. Business Ratios

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
i.	Interest income as a % to working funds[1]	5.20%	5.61%
ii.	Non-interest income as a % to working funds[1]	2.49%	2.43%
iii.	Operating profit as a % to working funds[1]	1.48%	1.93%
iv.	Return on assets[2]	0.85%	1.11%
v.	Business per employee[3, 4] (₹ ‘000s)	554,505	527,776
vi.	Net Profit per employee[4] (₹ ‘000s)	5,595	6,642
vii.	Percentage of Net NPA to Net Advances	-	-

[1] Working fund is computed based on average of total assets (excluding accumulated losses) as reported to RBI in Form X under section 27 of the Banking Regulation Act, 1949 during the financial year.

[2] Return on assets is with reference to average working fund (i.e. total of assets excluding accumulated losses).

[3] Business is calculated as deposits plus advances excluding interbank deposits.

[4] Ratio is computed basis number of employees as at 31 March 2016.

17. Maturity Patterns of certain items of Assets and Liabilities[1]

As at 31 March 2016 (Amount in ₹ '000s)

Maturity Bucket	Day 1	2-7 days	8-14 days	15-28 days	29 days - 3 months	Over 3 months - 6 months	Over 6 months - 1 year	Over 1 year - 3 years	Over 3 years - 5 years	Over 5 years	Total
Deposits	46,203	2,832,226	747,821	1,270,051	8,721,555	3,873,205	3,405,305	1,037,763	25	1,795	**21,935,949**
Advances	20,408	2,085,272	1,223,065	6,777,199	7,407,702	4,391,801	282,977	3,118,354	-	-	**25,306,778**
Investments	10,940,214	1,255,287	326,522	1,047,899	1,495,462	1,775,141	761,727	174,958	11,006	424	**17,788,640**
Borrowings	227,669	9,025,011	452,370	-	-	-	-	-	-	-	**9,705,050**
Foreign Currency Assets[2]	458,688	5,114	10,642	505,347	3,939,840	3,137,903	98,200	344,671	224,710	198,765	**8,923,881**
Foreign Currency Liabilities[2]	487,387	32,550	490,347	14,931	7,179	-	-	55,351	-	890	**1,088,637**

As at 31 March 2015 (Amount in ₹ '000s)

Maturity Bucket	Day 1	2-7 days	8-14 days	15-28 days	29 days - 3 months	Over 3 months - 6 months	Over 6 months - 1 year	Over 1 year - 3 years	Over 3 years - 5 years	Over 5 years	Total
Deposits	81,126	3,636,757	2,784,883	4,108,555	3,554,826	1,765,031	4,982,391	1,386,961	25	1,596	**22,302,151**
Advances	57,788	1,476,880	2,787,004	3,161,975	9,977,304	2,886,859	399,197	1,836,702	-	-	**22,583,709**
Investments	11,868,406	802,286	385,673	522,335	3,157,919	584,398	1,190,172	277,128	6	358	**18,788,681**
Borrowings	8,489	2,012,190	3,145,000	3,817,190	5,609,543	767,190	-	-	-	-	**15,359,602**
Foreign Currency Assets[2]	1,128,124	9,018	25,640	1,712,274	4,411,215	2,646,698	103,218	339,160	339,160	202,599	**10,917,106**
Foreign Currency Liabilities[2]	51,816	2,203,625	3,449,764	3,824,000	5,400,533	67,196	-	591,885	-	659	**15,589,478**

[1] The maturity pattern has been compiled in the same manner as required for the RBI DSB returns.
[2] Foreign currency assets/liabilities exclude off-balance sheet assets and liabilities.

18. Exposures to Real Estate Sector and Capital Market

The Bank has no direct or indirect exposure to Real Estate Sector and Capital Market hence the disclosure on Real Estate Sector and Capital Market is not applicable (Previous year Nil).

19. Risk category wise Country Exposure

Provision for country risk exposure as per RBI circular DBR.No.BP.BC.2/21.04.048/2015-16 dated 1 July 2015 is as follows:

(Amount in ₹ '000s)

Risk Category	Funded Exposure (net) as at 31 March 2016	Provision held as at 31 March 2016	Funded Exposure (net) as at 31 March 2015	Provision held as at 31 March 2015
Insignificant	514,470	-	1,078,016	416
Low	-	-	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**514,470**	-	**1,078,016**	416

As per RBI guidelines, the provision is created for only those countries where the net funded exposure exceeded 1% of the total assets as at 31 March 2016. Further, lower provisions of 25% of the requirement have been created with respect to short term exposures (i.e. exposures with contractual maturity of less than 180 days).

20. Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the Bank

During the year-end 31 March 2016, the Bank is in compliance with RBI master circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 1 July 2015 on single borrower and group borrower limits.

As per the extant RBI guidelines, the Bank with the approval of the India Exco can enhance exposure to single borrower or group borrower by a further 5% of the capital funds. During the year ended 31 March 2016, the Bank enhanced SBL for below customers from 15% to 20% of the capital funds.

- Micromax Informatics Limited
- BTI Payments Pvt Ltd
- Aurobindo Pharma Limited
- Beetel Teletech Limited

Further, the Bank held India Exco approvals from previous year for incremental 5% limits for the below customers.

- JSW Steel Limited
- Reliance Industries Limited.
- Ruchi Soya Industries Limited
- Aditya Birla Retail Limited.

21. Intra-Group Exposures

As at the year-end 31 March 2016, the Bank is in compliance with RBI circular DBOD.No.BP.BC.96/21.06.102/2013-14 dated 11 February 2014 on Management of Intra-Group Transactions and Exposures. These guidelines became effective from 1 October 2014. During the period April 2015 to March 2016, there was no breach in limits for Single Group Entity Exposure and Aggregate Group Exposure.

Other details of Intra-Group Exposure as at 31 March 2016 are provided below:

(Amount in ₹ '000s)

Particulars	As at 31 March 2016	As at 31 March 2015
(a) Total amount of intra-group exposures	1,156,402	1,845,158
(b) Total amount of top-20 intra-group exposures	1,156,402	1,845,158
(c) Percentage of intra-group exposures to total exposure* of the bank on borrowers/ customers	1.15%	2.09%

*Total exposure includes Credit Exposure (funded and non funded), derivative exposure and investment exposure to all corporate and inter-bank counterparties.

22. Unsecured Advances against intangible assets

During the year ended 31 March 2016 the Bank has not granted any advance against intangible securities such as charge over the rights, licenses, authority etc. (Previous year Nil).

23. Provision made for Income tax for the year

(Amount in ₹ '000s)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Current Tax	555,528	377,256
Deferred Tax	(154,102)	(56,632)
Total	**401,426**	**320,624**

24. Disclosure of Penalties imposed by RBI

During the financial year under review, no penalty was imposed by RBI on the Bank (Previous Year Nil).

25. Liquidity Coverage Ratio

Qualitative Disclosures:

The Bank has been computing its LCR on a monthly basis since January 2015 as per the extant RBI guidelines. RBI guidelines, has mandated minimum LCR of 70% for 2016 with a step up of 10% each year to reach minimum requirement of 100% by 1 January 2019. The LCR guidelines aim to ensure that the bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significant severe liquidity stress scenario specified by RBI.

As at the year-end 31 March 2016, the Bank is in compliance with LCR guidelines. Over a period of time, there is a positive trend in LCR ratio with LCR for March 2016 at 291% against requirement of 70%. The main drivers of LCR are holding in government securities and cash in hand (including balances held with Banks in India in INR). HQLA comprises of cash in hand (including balances held with Banks in India in INR), balance maintained with RBI in excess of CRR requirements, Government securities holdings in excess of SLR requirements, Government securities within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing Facility, and Government securities within the mandatory SLR requirement, to the extent allowed by RBI under Facility to avail Liquidity for Liquidity Coverage Ratio (FALLCR). Along with this, the Bank has progressively, after moving into CCIL's guaranteed settlement window for FX forward transactions, lowered derivatives cash outflows. Trades which are settled through CCIL (under guaranteed settlement window) are netted.

Effective October 2015, FX options and FX cash flows are netted at deal level. For other Derivatives, the Bank continues to gross up cash flows at counterparty level.

The Bank has diverse source of funding ranging from deposits from local corporate customers and interbank deposits, own capital funds as well as foreign currency borrowings from network branches. As at 31 March 2016 the Bank did not have Collateral Service Agreement (CSA) in place with any of its counterparties. Significant currencies are INR and USD and within the same currency the mismatches are minimal. The Bank does not hold any FCY HQLA. There is a daily monitoring of LCR at group level and there is a regular interaction between Group Treasury and Local Treasury. LCR is also monitored by India Assets and Liabilities Committee (India ALCO).

Quantitative Disclosure for LCR is provided below:

(Amount in ₹ '000s)

		Quarter ended 31 March 2016*		Quarter ended 31 December 2015*		Quarter ended 30 September 2015*		Quarter ended 30 June 2015*		Quarter ended 31 March 2015*	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		6,295,356		14,659,232		15,250,627		13,852,948		14,784,214
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:										
(i)	Stable deposits	196	10	92	5	20	1	11	1	102	5
(ii)	Less stable deposits	3,200	320	1,177	118	-	-	-	-	890	89
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits (all counterparties)	1,698,996	423,696	1,430,327	356,687	1,983,290	494,989	2,072,488	517,301	1,807,483	451,161
(ii)	Non-operational deposits (all counterparties)	3,943,489	2,502,643	4,686,031	2,517,031	5,968,443	2,542,983	5,449,478	2,307,278	7,073,916	2,852,663
(iii)	Unsecured debt	-	-	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-		-
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements	2,121,221	2,121,221	1,744,425	1,744,425	43,320,978	43,320,978	24,248,458	24,248,458	41,035,141	41,035,141
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	4,384,604	703,460	3,931,767	393,177	3,883,396	388,340	2,995,502	299,550	2,117,322	211,732
6	Other contractual funding obligations	1,389,538	1,389,538	1,480,441	1,480,441	3,585,322	3,585,322	4,343,069	4,343,069	5,082,807	5,082,807
7	Other contingent funding obligations	30,045,559	1,501,782	34,992,694	1,749,635	32,390,245	1,619,512	31,049,408	1,552,470	26,865,850	1,343,293
8	Total Cash Outflows		8,642,670		8,241,519		51,952,125		33,268,127		50,976,891
		Quarter ended 31 March 2016*		**Quarter ended 31 December 2015***		**Quarter ended 30 September 2015***		**Quarter ended 30 June 2015***		**Quarter ended 31 March 2015***	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
Cash Inflows											
9	Secured lending (e.g. reverse repos)	-	-	-	-	999,422	-	1,333,067	-	-	-
10	Inflows from fully performing exposures	16,838,765	12,238,819	13,529,952	10,339,169	49,455,444	46,737,234	35,103,692	31,304,779	52,013,126	47,698,551
11	Other cash inflows	187,798	93,899	367,295	183,648	120,222	60,111	122,005	61,003	104,649	52,324
12	Total Cash Inflows		12,332,718		10,522,817		46,797,345		31,365,782		47,750,875
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
21	TOTAL HQLA		6,295,356		14,659,232		15,250,627		13,852,948		14,784,214
22	Total Net Cash Outflows		-3,690,048		-2,281,298		5,154,780		1,902,345		3,226,016
23	Liquidity Coverage Ratio (%)		291		711		117		167		116

*The data have been computed as simple average of monthly observation over the quarters mentioned above.

26. Employee Benefits

Provident Fund – Defined contribution plan

The Bank has recognised 25,198 (₹ '000s) in the Profit and Loss Account as employer's contribution to the provident fund (Previous Year 24,214 (₹ '000s)).

Gratuity - Defined benefit plan

The Company has adopted Accounting Standard 15 (Revised 2005) - Employee Benefits (AS 15) and determined the actuarial liability for gratuity as per the projected unit credit method using an independent actuary.

The principal actuarial assumptions used as at the balance sheet date are as follows:

(Amount in ₹ '000s)

Particulars	As at 31 March 2016	As at 31 March 2015
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at 1 April	23,355	15,017
Interest cost	1,730	1,328
Current service cost	7,880	5,934
Acquisition cost	-	-
Benefits paid	(2,359)	(1,312)
Actuarial (gain)/loss on obligation	(2,385)	2,388
Present value of obligation as at 31 March	**28,221**	**23,355**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at 1 April	22,609	13,775
Expected return on plan assets	2,156	1,598
Contributions	4,269	8,684
Benefits paid	(2,359)	(1,312)
Actuarial gain/(loss) on plan assets	(414)	(136)
Fair value of plan assets as at 31 March	**26,261**	**22,609**
Amount recognised in Balance sheet		
Fair value of plan assets as at 31 March	26,261	22,609
Present value of obligation as at 31 March	28,221	23,355
Asset/(Liability) as at 31 March	(1,960)	(746)
Expenses recognised in Profit and Loss Account		
Interest Cost	1,730	1,328
Current Service cost	7,879	5,934
Expected return on plan assets	(2,156)	(1,597)
Net Actuarial (gain)/loss recognised in the year/ period	(1,970)	2,523
Net Cost	**5,483**	**8,188**

Assumptions	31 March 2016	31 March 2015
Valuation Method	**Projected Unit Credit**	**Projected Unit Credit**
Discount rate	7.80%	7.80%
Expected return on plan assets	9.15%	9.15%
Mortality	IAL Mortality Table Ult. (2006-08)	IAL Mortality Table Ult. (2006-08)
Salary escalation rate	8.00%	8.00%
Withdrawal rate	8.00%	8.00%
Retirement age	60 years	60 years

Experience History	31 March 2016	31 March 2015	31 March 2014
Defined Benefit Obligation at end of the period	(28,221)	(23,355)	(15,017)
Plan Asset at end of the period	26,261	22,609	13,775
Funded Status	(1,960)	(746)	(1,242)
Experience Gain/(Loss) adjustments on plan liabilities	2,385	434	591
Experience Gain/(Loss) adjustments on plan assets	(414)	(135)	112
Actuarial Gain/(Loss) due to change on assumptions	-	(2,821)	1,695

Compensated absences – Short-term

The actuarial liability of compensated absences of the employees of the Bank as of 31 March 2016 is Nil (Previous Year Nil).

27. Segmental reporting

Part A: Business Segments

As per RBI guidelines Bank has identified "Treasury", "Corporate/Wholesale banking" and "Retail (Private Banking)" as the primary reporting segments. These segments are identified based on nature of services provided, risks and returns, organisational structure of the banks and the internal financial reporting system.

Treasury Operations segment comprise derivatives trading, money market operations, investments in bonds, treasury bills, government securities and foreign exchange operations. The revenue of this segment consists of interest earned on investments and gains on sale of securities, profit on exchange and derivative transactions. The principal expenses of this segment consist of interest expense on funds borrowed, occupancy expenses, personnel costs, other direct expenses and allocated expenses.

Corporate/Wholesale Banking segment primarily comprise funded and non-funded facilities, cash management activities and fee based activities. Revenues of this segment consist of interest earned on loans extended to clients and fees received from non-fund based activities like letter of credit, guarantee etc. The principal expenses of this segment consist of interest expense on deposits raised, occupancy expenses, personnel costs, other direct expenses and allocated expenses.

Retail/Private Banking segment primarily comprise of raising of deposits from retail customers and catering to loan requirements of such customers. The revenue for the segment is mainly interest earned on the loans disbursed while the expense is mainly towards interest paid on the deposits raised, rental expenses, personnel costs, other direct expenses and allocated expenses.

Other Banking Business segment includes all other residual operations such as para banking transactions/activities. Basis the materiality of revenue generated, this segment has been combined with Corporate/Wholesale Banking segment.

For the year ended 31 March 2016

(Amount in ₹ '000s)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Total
Revenue	2,322,654	1,977,806	-	4,300,460
Result	606,796	270,186	25	877,007
Unallocated expenses				-
Operating profit				**877,007**
Income taxes				401,426
Extraordinary profit/loss				-
Net profit				**475,581**
Other information:				
Segment assets	30,541,277	26,112,858	-	56,654,135
Unallocated assets				435,065
Total assets				**57,089,200**
Segment liabilities	32,106,012	23,205,024	3,372	55,314,408
Unallocated liabilities				1,774,791
Total liabilities				**57,089,200**

For the year ended 31 March 2015

(Amount in ₹ '000s)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Total
Revenue	2,089,281	1,987,481	-	4,076,762
Result	711,335	173,765	108	885,208
Unallocated expenses				-
Operating profit				**885,208**
Income taxes				320,624
Extraordinary profit/loss				-
Net profit				**564,584**
Other information:				
Segment assets	35,458,765	22,789,014	-	58,247,779
Unallocated assets				327,652
Total assets				**58,575,431**
Segment liabilities	34,259,708	22,985,124	30	57,244,862
Unallocated liabilities				1,330,569
Total liabilities				**58,575,431**

In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.

Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.

Part B: Geographic segments

The Bank operates as a single unit in India and as such has no identifiable geographical segments representing dissimilar risk and returns. Hence, no information relating to geographical segments are presented.

28. Related Party Disclosures

Related party disclosure as required in accordance with AS 18 – "Related Party Disclosures" and RBI Guidelines, is provided below:

A. List of Related parties[1]

Head Office and Branches

Australia and New Zealand Banking Group Limited, Australia
Australia and New Zealand Banking Group Ltd - Singapore

Australia and New Zealand Banking Group Ltd - New York
Australia and New Zealand Banking Group Ltd - Japan
Australia and New Zealand Banking Group Ltd - London
Australia and New Zealand Banking Group Ltd - Hong Kong
Australia and New Zealand Banking Group Ltd - Fiji
Australia and New Zealand Banking Group Ltd - Frankfurt
Australia and New Zealand Banking Group Ltd - PNG

Other Group Entities

ANZ Bank (Vietnam) Limited
ANZ Bank New Zealand Limited
ANZ National Bank Limited
ANZ Royal Bank (Cambodia) Ltd
Australia and New Zealand Bank (China) Company Limited
ANZ Capital Private Limited
ANZ Support Services India Pvt Limited
ANZ Operations & Technology Private Limited
ANZ Support Services Employees Group Gratuity Scheme
ANZ Operations & Technology Private Limited Gratuity Fund Trust
ANZ Global Services and Operations (Manila), Inc.
Bank ANZ Indonesia P.T.

[1]The above category includes only those related parties with whom transactions have occurred during the year and/or previous years.

B. Key Management Personnel

Mr. Sanjeev Bajaj, Chief Executive Officer

C. Transactions and balances with related parties

(Amount in ₹ '000s)

Particulars	Head Office and Branches		Other Group Entities	
	As at 31 March 2016	Maximum Outstanding during the year	As at 31 March 2016	Maximum Outstanding during the year
Borrowings	452,369	14,321,114	-	70,300
Deposits	64,913	1,264,980	9,384,330	10,455,225
Placements	-	5,093,033	-	-
Advances	-	-	-	-
Investments	-	-	-	-
Balances with Banks	125,447	1,922,266	3,260	79,952
Non-funded commitments	10,023,087	10,055,939	18,203	18,212

(Amount in ₹ '000s)

Particulars	Head Office and Branches		Other Group Entities	
	For the year ended 31 March 2016	As at 31 March 2016	For the year ended 31 March 2016	As at 31 March 2016
Interest paid	29,594	3	558,390	346,827
Interest received	8,259	-	-	-
Rendering of services	582,470	73,583	-	-
Reimbursement of expenses	7,118	4,172	-	-
Receiving of services	-	-	64,377	7,052
Payment for share based payment	90,509	-	-	-
Fees Paid	71	-	47	-
Fees Received	8,976	-	4,055	-
Purchase of fixed assets	426,624	405,543	258,690	-

(Amount in ₹ '000s)

Particulars	Head Office and Branches		Other Group Entities	
	As at 31 March 2015	Maximum Outstanding during the year	As at 31 March 2015	Maximum Outstanding during the year
Borrowings	14,321,114	14,321,114	-	-
Deposits	8,906	242,865	6,487,367	7,392,300
Placements	-	5,864,668	-	-
Advances	-	-	-	-
Investments	-	-	-	-
Balances with Banks	155,550	1,699,220	3,993	107,457
Non-funded commitments	7,570,036	8,309,590	26,518	1,622,256

(Amount in ₹ '000s)

Particulars	Head Office and Branches		Other Group Entities	
	For the year ended 31 March 2015	As at 31 March 2015	For the year ended 31 March 2015	As at 31 March 2015
Interest paid	30,674	8,563	422,381	139,333
Interest received	17,047	-	-	-
Rendering of services	608,895	52,467	-	-
Reimbursement of expenses	9,391	18,463	-	-
Receiving of services	-	-	42,940	14,171
Payment for share based payment	40,796	16,391	-	-
Fees Paid	81	-	31	-
Fees Received	15,334	-	4,507	-

Note: In accordance with the guidance on compliance with the accounting standards by banks issued by Reserve Bank of India, the Bank has not disclosed the details pertaining to the related party where there is only one entity/person in any category of related parties.

29. Lease Disclosures

At 31 March 2016, the Bank was obligated under operating and finance leases for motor vehicles and operating lease for premises, which were used primarily for business purposes.

Operating Lease

Lease payments recognised in the Profit and Loss Account during the period April 2015 to March 2016 is 235,976 (₹ '000s) (Previous Year 215,893 (₹ '000s)).

Total future minimum lease payments under non-cancellable operating lease as at 31 March 2016:

(Amount in ₹ '000s)

Particulars	As at 31 March 2016	As at 31 March 2015
Not later than one year	243,012	238,267
Later than one year but not later than five years	661,981	816,233
Later than five years	57,557	82,824

Finance Lease

Lease payments recognised in the Profit and Loss Account during the period April 2015 to March 2016 is 278 (₹ '000s) (Previous year 435 (₹ '000s)).

Total future minimum lease payments under the non-cancellable finance lease as at 31 March 2016:

(Amount in ₹ '000s)

Particulars	As at 31 March 2016		As at 31 March 2015	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Not later than one year	99	96	308	296
Later than one year but not later than five years	56	47	93	78
Later than five years	-	-	-	-

30. Deferred Taxes

The deferred tax asset of 258,297 (₹ '000s) as at 31 March 2016 is included under Schedule 11– Other assets (Previous year 104,195 (₹ '000s)).

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

(Amount in ₹ '000s)

	As at 31 March 2016	As at 31 March 2015
Deferred Tax Assets		
Straight lining of rent	22,133	23,404
General provisions for standard assets and country risk	82,606	104,666
Unrealised Mark-to Market loss on derivatives (Net)	214,122	-
Deferred Tax Assets	**318,861**	**128,070**
Deferred Tax Liability		
Depreciation on fixed assets	(60,564)	(23,875)
Deferred Tax Liability	**(60,564)**	**(23,875)**
Net Deferred Tax (Liability)/Asset	**258,297**	**104,195**

31. Capital Commitments

Capital Commitment as on 31 March 2016 is 18,632 (₹ '000s) (Previous year 11,799 (₹ '000s)).

32. Operating Expenses

During the year ended 31 March 2016, Other Expenses in Schedule 16, includes information service fees (data connectivity and license charges) and outsourcing cost, which are in excess of 1% of total income, amounting to 60,680 (₹ '000s) and 87,155 (₹ '000s) respectively. During the year ended 31 March 2015, Other Expenses in Schedule 16 includes support service fees amounting to 53,638 (₹ '000s) which was in excess of 1% of total income.

33. Employee Share Based Payments

The eligible employees of the Bank have been granted remuneration in the form of Equity Plans by Australia and New Zealand Banking Group Limited (Head Office). As per this plan, Equity is delivered as either the bank's shares or the bank's share rights

During the year, the Bank has recognised an amount of 91,100 (in ₹ '000) (previous year 38,493(₹ '000s)) under the head 'Payment to and Provision for Employees', as a cost on account of share-based payments under Schedule 16 – Operating Expenses.

34. Other Assets and Other Liabilities

"Others" reported under Other assets in Schedule 11 includes MTM gain on outstanding FX and Derivative 6,993,765 (₹ '000s) (Previous year 5,364,662 (₹ '000s)). "Others" (including provisions)' reported under Other liabilities and provisions in Schedule 5 includes MTM losses on outstanding FX and Derivatives 7,569,134 (₹ '000s) (Previous year 5,445,066 (₹ '000s)).

35. Micro, Small and Medium Enterprises Development Act, 2006

There are no delays in payments to micro and small enterprises as required to be disclosed under 'The Micro, Small and Medium Enterprises Development Act, 2006'. The determination has been made to the extent such parties were identified based on the information available (Previous year Nil).

36. Provisions and Contingencies

Break up of provisions and contingencies

(Amount in ₹ '000s)

	As at 31 March 2016	As at 31 March 2015
Provisions for depreciation on investment	(1,036)	925
Provision towards standard assets	(50,578)	94,358
Provision made towards Income tax	-	
- Current tax	555,528	377,256
- Deferred tax	(154,102)	(56,632)
Other provision and contingencies		
- Provision towards Country Risk Exposure	(416)	416
Total	**349,396**	**416,323**

37. Floating Provisions

The Bank did not maintain any floating provision during the year ended 31 March 2016 (Previous year Nil).

38. Draw Down from Reserves

During the year ended 31 March 2016, there was no drawdown from reserves. During the previous year ended 31 March 2015, the Bank has utilized Investment reserves of 142 (₹ '000s) towards provision made, for depreciation in investments in HFT category as per extant RBI guidelines.

39. Disclosure of Complaints

Details with respect to customer complaints and awards passed by Banking Ombudsman are given below:

a) Customer Complaint

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	10	2
(c)	No. of complaints redressed during the year	10	2
(d)	No. of complaints pending at the end of the year	-	-

b) Awards passed by the Banking Ombudsman

Sr. No.	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
(a)	No. of unimplemented awards at the beginning of the year	-	-
(b)	No. of awards passed by the Banking Ombudsman during the year*	3	-
(c)	No. of awards implemented during the year*	3	-
(d)	No. of unimplemented awards at the end of the year	-	-

*The above-mentioned awards pertain to White Label ATMs wherein the Bank is only the Sponsor Bank for these ATMs. The ATMs are operated by a White Label ATM operator.

40. Letters of Comfort (LoCs) issued by Banks

The Bank did not issue any Letter of Comfort during the year (Previous year Nil).

41. Provisioning Coverage Ratio (PCR)

The provision coverage ratio is not applicable as the Bank does not have any NPAs.

42. Bancassurance Business

The Bank does not undertake any bancassurance business (Previous year Nil).

43. Off – Balance Sheet SPVs sponsored

(Which are required to be consolidated as per accounting norms)

There are no off – balance sheet SPVs sponsored during the year (Previous year Nil).

44. In terms of guidelines issued by RBI vide circular no. DBS.CO.ITC.BC.No. 6/31.02.008/2010-11 dated 29th April 2011 on "Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds – Implementation of recommendations", the Bank has aligned its IT Policy which was approved by Risk Management Committee of the Bank on May 01, 2012 to comply with the above guidelines. The policy has been reviewed by the RMC during the year. An independent review to ensure compliance with requirements of the above guidelines was conducted in September 2014. The Bank is in compliance with requirements of the above guidelines.

45. Disclosure on Remuneration

In terms of guidelines issued by RBI vide circular no. DBOD No.BC.72/29.67.001/2011-12 dated 13 January 2012 on "Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Risk Takers and Control function staff, etc." the Bank has submitted a declaration received from its Head Office to RBI to the extent that the CEO's compensation structure in India is in conformity with the Financial Stability Board (FSB) principles and standards.

46. Credit default swap

The Bank has not transacted in any Credit default swaps during the year ended 31 March 2016 (Previous year Nil).

47. Transfers to Depositor Education and Awareness Fund (DEAF

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Opening balance of amounts transferred to DEAF	-	-
Add : Amounts transferred to DEAF during the year	-	-
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

48. Corporate Social Responsibility

The Bank has set up a Corporate Responsibilities (CR) Committee to implement CR programs in India in accordance with ANZ group CR policy. The Bank's CR Charter document sets out the following priorities for CR program:

- Sustainable Development
- Diversity & Inclusion
- Financial Inclusion & Capability

With reference to the RBI circular DBOD.No.Dir.BC.50/13.01.01/2005-06 dated 21 December 2005, amount to be spent by the Bank for the year ended 31 March 2016 on donations is limited to 5,646 (₹ '000s) (based on 1% of published profits for the previous year ended 31 March 2015 with specific exclusions).

Amount spent under CR programs during the year and included under "Other expenses" in Schedule 16 is 2,287 (₹ '000s) in accordance with the requirements stipulated in the aforesaid RBI circular.

49. During the year, the Bank provided accelerated depreciation on internal software and wrote off such assets to the extent of 43,736 (₹ '000s) as a result of a change in estimate, in light of a new software which was rolled out during the year.

50. Securitisation

The Bank has not sponsored any Special Purpose Vehicle for securitization transactions and no securitization transactions are outstanding as at 31 March 2016 (Previous year Nil) and hence disclosure is not applicable.

51. Details of provisioning pertaining to fraud accounts

The following table sets forth for the year ended 31 March 2016, the details of provisioning pertaining to fraud accounts.

Particulars	At 31 March 2016
Number of Frauds reported	-
Amount involved in frauds	-
Provision made	-
Unamortised provision debited from 'other reserves'	-

52. Previous period figures

Previous period's figures have been regrouped/reclassified to confirm to the current year presentation.

For **Australia and New Zealand Banking Group Limited - India Branches**

Sanjeev Bajaj
Chief Executive Officer

Vinit Kumar Sarawgi
Chief Financial Officer

For B S R & Associates LLP
Chartered Accountants
Firm Registration No. 116231W/W-100024

Ashwin Suvarna
Partner
Membership No. 109503

Mumbai
22 June 2016

BASEL III: PILLAR 3 DISCLOSURES AS AT 31 MARCH 2016

1. Background

Australia and New Zealand Banking Group Limited, India ('ANZ India' or 'the Bank') is a branch of Australia and New Zealand Banking Group Limited ('ANZ'), which is incorporated in Australia with Limited Liability. 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. The Bank has two branches in India as on 31 March 2016.

Disclosures made hereunder are in accordance with Basel III Capital Regulations – Market Discipline (Pillar 3).

2. Key Management Committees, Functions and Frameworks

India Executive Committee ('India EXCO')

India EXCO is the apex committee of the Bank and has the authority to exercise all of the powers and discretions of the Board at the country level. India EXCO takes ownership of the Bank's business in India and fulfils the regulatory responsibility of conducting periodic reviews/approvals as specified by RBI from time to time. The committee is chaired by Chief Executive Officer India. India EXCO is an in-country committee.

Key responsibilities of the India EXCO are:

- Approving all key business policies.
- Investigating and reviewing policy breaches for credit, operational and market risks; and approving remediation actions.
- Monitoring governance and compliance with Credit, Operational and Market risk management policies, procedures and systems (including risk models) in India and instigating any necessary corrective actions to address deviations.
- Undertaking activities to support the development of new products to be introduced by the Bank.
- Reviewing of MIS as required by the RBI in different circulars.

India Assets and Liabilities Committee ('India ALCO')

India ALCO is a sub-committee of the International and Institutional Banking ALCO ('I&IB ALCO') and is responsible for the oversight and strategic management of the India Balance Sheet, liquidity and funding positions and capital management activities.

India ALCO's mandate for managing Balance Sheet, liquidity and funding and capital activities include, but are not limited to:

- Liquidity and funding.
- Capital (book, regulatory and economic).
- Non-traded Interest Rate Risk, including the investment of capital and other non-interest bearing products.
- Balance sheet structure including capital and revenue flows, but excluding traded foreign exchange exposures.
- Funds transfer pricing
- Approval and oversight of traded market risk.
- Policy, control and compliance activities for all balance sheet, liquidity and funding and capital related risks.
- Recommendations/noting to I&IB ALCO for any key local decision taken at the ALCO.

Risk Management Committee ('India RMC')

India RMC maintains responsibility to review and address credit risk, markets risk, operational risk and compliance related issues/activities that have the potential to result in a material event or loss to ANZ in India within the Institutional Banking division, and instigate necessary actions and controls to address these concerns. These include:

- Evaluate India's Risk Appetite Statement (RAS) and escalate any material concerns in accordance with the RAS Governance Framework
- Oversee credit and markets portfolio composition including large exposures, risk grade migration, risk concentrations, liquidity, provisions and capital usage/performance
- Oversight of the below risks, including any material events/incidents:
  - o Operational risk, including Operational Risk Measurement & Management Framework (ORMMF) In-Use reviews
  - o Compliance, including material regulator related matters
  - o Reputational risk
  - o Technology risk
- Ensure material Internal Audit, Credit Assurance and regulatory issues (including Annual Financial Inspection, Concurrent Audit and financial metrics) are monitored, understood and remediation progress and completion overseen.
- Ensure the business understands and addresses their operational risk profile adequately. Profile should include remediation progress of audit issues and risk treatment plans.
- Review stress test results on a six monthly basis.
- Review Business Continuity & Crisis Management capability
- Address key emerging credit, markets risks, operational risk and compliance related issues across the industry
- Material risks to be escalated to the following Risk Committees:
  - o Asia Risk Management Committee
  - o Institutional Credit and Markets Risk Committee
  - o Institutional Operational Risk and Compliance Committee
  - o Divisional Product Committees
  - o Group Reputational Risk Committee
  - o Credit and Markets Risk Committee
  - o Operational Risk Executive Committee

  In carrying out its responsibilities and duties, the Committee will aim to seek fair customer outcomes and financial market integrity in its deliberations.

3. Regulatory Framework

The Bank operates as a scheduled commercial bank and is required to maintain capital ratios at par with locally incorporated banks.

Capital Adequacy requirements are outlined in the following circulars:

- Master Circular – Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework ('NCAF')
- Master Circular - Basel III Capital Regulations.

As per Basel III guidelines, currently banks should adopt Standardised Approach (SA) for credit risk, Basic Indicator Approach (BIA) for operational risk and Standardised Duration Approach (SDA) for computing capital requirement for market risks.

Basel III guidelines are structured around three 'Pillars' which are outlined below:

- Pillar 1 sets out minimum regulatory capital requirements.
- Pillar 2 sets out key principles for supervisory review of Bank's risk management framework and its capital adequacy.
- Pillar 3 aims to encourage market discipline by developing set of disclosure requirements by banks that allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes and hence the capital adequacy of the bank. Further, providing disclosures that are based on a common framework is an effective means of informing the market about exposure to those risks and provides a consistent and comprehensive disclosure framework that enhances comparability.

Basel III introduced a much stricter definition of capital. The predominant form of Tier 1 capital will be Common Equity, since it is critical that banks' risk exposures are backed by high quality capital base. Further, Basel III introduced Capital Conservation Buffer (CCB) and Countercyclical buffer with a view to ensure that banks maintain a cushion of capital that can be used to absorb losses during periods of financial and economic stress and to increase capital requirements in good times and decrease the same in bad times.

4. DF–1 Scope of Application

In terms of RBI circular dated 12 December, 2006 on Financial Regulation of Systemically Important NBFCs and banks' Relationship with them, NBFCs promoted by the parent/group of a foreign bank having presence in India, which is a subsidiary of the foreign bank's parent/group or where the parent/group is having management control would be treated as part of that foreign bank's operations in India and brought under the ambit of consolidated supervision. As at 31 March 2016 no such group owned NBFC is in operations in India, accordingly framework for consolidated supervision does not apply to the Bank.

The Bank does not have any subsidiaries in India and consequently not required to prepare Consolidated Financial Statements. The Bank does not have any interest in insurance entities.

5. DF-2 Capital Adequacy

The Bank aims to hold sufficient capital to meet the minimum regulatory requirements at all times. The Bank's capital management strategy is two fold:

- To satisfy the Basel III Regulatory Capital requirements set out by RBI in the Master Circular and
- To minimise the possibility of the Bank's capital falling below the minimum regulatory requirement by maintaining a capital buffer (in excess of the Basel III minimum requirements) sufficient to cover Pillar 2 risks and the capital impact of a moderate (1 in 7 years) or a severe (1 in 25 years) stress scenario over a 1 year horizon.

The Bank's capital management is mainly guided by current capital position, current and future business needs, regulatory environment and strategic business planning. The Bank continuously focuses on effective management of risk and corresponding capital to support the risk. India ALCO and India EXCO emphasises on the growth opportunities supported by cost effective capital.

Under the Basel III framework, on an on-going basis, the Bank has to maintain a minimum total capital of 9.625% (Previous Year 9.00%) including Capital Conversion Buffer (CCB) at 0.625% (Previous Year Nil) for credit risk, market risk and operational risk. The Minimum Total Capital should include minimum Common Equity Tier I (CET 1) ratio of 6.125% (Previous Year 5.50%), including 0.625% (Previous Year Nil) towards CCB and minimum Tier 1 capital ratio of 7.00% (Previous Year 7.00%).

As at 31 March 2016 CRAR was 18.26% and Common Equity Tier I ratio was 17.97% as per BASEL III norms. The Bank is adequately capitalised presently. Summary of the Bank's capital requirement for credit, market and operational risk and CRAR as at 31 March 2016 is presented below.

(Amount in ₹ '000)

Minimum Regulatory Capital Requirements	
Capital requirements for Credit risk (a)	**4,774,603**
Portfolios subject to standardised approach	4,774,603
Securitisation exposures.	-
Capital requirements for Market risk (b)	**764,523**
Standardised duration approach	
- Interest rate risk	528,710
- Foreign exchange risk (including gold)	235,813
- Equity risk	-
Capital requirements for Operational risk (c)	**308,804**
Basic indicator approach	308,804
Total Minimum Regulatory Capital at 9% (a+b+c)	**5,847,930**
Minimum CRAR + CCB at 9.625%	**6,254,036**
Risk Weighted Assets and Contingents	
Credit Risk	53,906,266
Market Risk	9,556,530
Operational Risk	3,860,054
Capital Ratios	
CET 1 Capital	17.97%
Tier I Capital	17.97%
Total Capital	18.26%

6. DF-3 Credit Risk: General Disclosures for all Bank Structure and organisation of credit risk management

India RMC is responsible for all aspects of risk management, including credit risk. It approves the credit exposure/concentration limits, risk management policy (involving risk identification, risk measurement/grading, risk mitigation and control), credit risk management structure, credit pricing policy, etc. in accordance with extant regulatory guidelines. India EXCO is apprised of key risks affecting the business. It ensures country's risk profile remains within the agreed group risk appetite.

The Bank takes credit risk within a well defined framework that lays out the fundamental principles and guidelines for its management. Primary objective is management of risk within risk appetite and within regulator defined prudential limits. This framework has four main components:

- Credit principles.
- Credit policies.
- Line of Business/Segment Specific Procedures.
- Organisation and People.

Key aspects of the Bank's Credit Risk Management Policy are:

- Analysis of customer risk.
- Approval of limits and transactions.
- Managing and monitoring customers.
- Working out problem loans.

Credit is extended on the basis of the Bank's credit risk assessment and credit approval requirements and is not subject to any influences external to these requirements. All legal entities, with which the Bank has or is considering having, a credit relationship, is assigned a credit rating reflecting the probability of default and each facility is assigned a security indicator reflecting the 'loss given default'. Each country to which the Bank has or is considering having, a credit exposure, is assigned a country rating reflecting the risk of economic or political events detrimentally impacting a country's willingness or capacity to secure foreign exchange to service its external debt obligations.

Risk grade assignment and risk grade reviews are subject to approval by the appropriate independent risk representative. Each assigned risk grade is reviewed at an interval (never greater than 1 year) and whenever new material information relating to the customer or facility is obtained or becomes known. The Bank has an effective credit risk management system and clearly documented credit delegations which define levels of authority for credit approval. The quality of all credit relationships is monitored to provide for timely identification of problem credits and prompt application of remedial actions. Problem credits are managed to minimise losses, maximise recoveries and preserve the Bank's reputation, with attention to measurement of extent of impairment, exposure and security cover, provisioning, remediation, workout & losses. A specialist remediation team with work out skills will be applied to the management of all problem credits.

Collateral is a means of mitigating the risk involved in providing credit facilities and will be taken where obtainable and necessary to meet risk appetite requirements. Main types of collateral accepted are property, plant & machinery, current assets, cash and stand-by letters of credit. Reliance on collateral is not a substitute for appropriate credit assessment of a customer or be used to compensate for inadequate understanding of the risks. Collateral arrangements for each facility are reviewed annually to confirm the fair value of collateral and to ensure there is no impediment to realisation. The fair value of collateral will be its realisable value net of realisation costs.

6.1. Total gross credit risk exposures as at 31 March 2016

(Amount in ₹ '000)

Fund Based	
Claims on Banks	514,862
Investments (HTM)	-
Loans and Advances	25,306,778
Other Assets and Fixed Assets	11,213,913
Non Fund Based	
Non Market Related Off Balance sheet items (Contingent Credits and Exposures)	10,262,970
Market Related (Foreign Exchange (Fx) and Derivative contracts)	23,000,573

Notes:

Non Fund Based credit risk exposure has been 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 RBI under the Basel II capital framework.
- In case of Foreign exchange and derivative contracts, credit equivalents are computed using the current exposure method as prescribed by RBI.

6.2. Geographic distribution of exposures, Fund based and Non-fund based separately

Since all the exposures provided under Para 6.1 above are domestic, the disclosures on geographic distribution of exposures, both fund and non-fund based has not been made.

6.3. Industry type distribution of exposures as at 31 March 2016

(Amount in ₹ '000)

Industry Name	Fund Based	Non Fund Based
Food Processing	2,753,867	-
Beverages (excluding Tea & Coffee) and Tobacco	-	-
Textiles	17,620	21,585
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	927,570	-
Chemicals and Chemical Products (Dyes, Paints, etc.)	5,001,468	124,371
Rubber, Plastic and their Products	352,617	-
Glass & Glassware	300,000	-
Basic Metal and Metal Products	3,504,979	211,342
All Engineering	618,379	3,510,370
Vehicles, Vehicle Parts and Transport Equipments	-	1,460,000
Gems & Jewellery	137,323	-
Infrastructure	-	1,378,050
Other Industries	630,978	1,857,742
Residuary Other Advances	11,061,977	3,574,897
Total Loans & Advances	**25,306,778**	**12,138,357**
Claims on Banks	514,862	10,061,541
Investments (HTM)	-	-
Other Assets and Fixed Assets	11,213,913	-
Total Exposure	**37,035,553**	**22,199,898**

Notes:

Fund Based Exposure comprises of Loans & Advances, Claims on Banks and Investment in HTM & Other Assets (including fixed Assets).

Non Fund Based Exposure comprises of Non Market Related Off-Balance sheet items (Contingent Credits and Exposures) and is reported in terms of notionals.

6.4. Residual contractual maturity breakdown of assets as at 31 March 2016 (Amount in ₹ '000)

	Cash and Bank balances with RBI	Balances with Banks and money at call and short notice	Investments	Advances	Fixed Assets	Other Assets	Total Assets
Day 1	604,916	503,664	10,940,214	20,408	-	849	**12,070,051**
2 to 7 days	233,542	-	1,255,287	2,085,272	-	16,703	**3,590,804**
8 to 14 days	60,748	-	326,522	1,223,065	-	1,461	**1,611,796**
15 to 28 days	194,958	-	1,047,899	6,777,199	-	196,707	**8,216,763**
29days and upto 3 months	278,225	-	1,495,462	7,407,702	-	372,030	**9,553,419**
Over 3 months and upto 6 months	330,259	-	1,775,141	4,391,801	-	115,421	**6,612,622**
Over 6 months and upto 1 year	141,717	-	761,727	282,977	-	7,384,896	**8,571,317**
Over 1 year and upto 3 years	32,550	-	174,958	3,118,354	-	723,760	**4,049,622**
Over 3 years and upto 5 years	2,048	-	11,006	-	-	498,389	**511,443**
Over 5 years	78	-	424	-	812,366	1,488,529	**2,301,397**
Total	**1,879,041**	**503,664**	**17,788,640**	**25,306,778**	**812,366**	**10,798,745**	**57,089,234**

6.5. Details of Non-Performing Assets (NPAs) - Gross and Net

(Amount in ₹ '000)

	As at 31 Mar 2016
Substandard	-
Doubtful 1	-
Doubtful 2	-
Doubtful 3	-
Loss	-
Gross NPAs	-
Provisions for NPAs	-
Net NPAs	-

6.6. NPA Ratios (Amount in ₹ '000)

	As at 31 Mar 2016
Gross NPAs to gross advances	-
Net NPAs to net advances	-

6.7. Movement of NPAs (Gross) (Amount in ₹ '000)

	For the year ended 31 Mar 2016
Opening balance	-
Additions	-
Reductions	-
Closing balance	-

Note: YTD movement has been reported above

6.8. Movement of provisions (Amount in ₹ '000)

Particulars	Specific Provision[1]	General Provision[2]
Opening balance	-	241,946
Provisions made during the period	-	-
Write-off	-	-
Write-back of excess provisions	-	(50,994)
Closing balance	-	190,952

[1] Specific provision relating to NPAs

[2] General provisions includes Standard assets and Country risk provision

Note: YTD movement has been reported above

6.9. Amount of Non-Performing Investments

There are no non-performing investments as at 31 March 2016.

6.10. Amount of provisions held for Non-Performing Investments

There are no provisions held for non-performing investments as at 31 March 2016 as there are no non performing investments.

Movement of provisions for depreciation on Investments

(Amount in ₹ '000)

	For the year ended 31 Mar 2016
Opening balance	1,036
Provisions made during the period	-
Write-off	-
Write-back of excess provisions	(1,036)
Closing balance	-

Note: YTD movement has been reported above

7. DF-4 Credit Risk: Disclosures for Portfolios Subject to the Standardised Approach

The Bank uses short term/long term issuer rating instruments of the accredited rating agencies viz. Credit Rating Information Services of India Limited, ICRA Limited, India Ratings and Research Private Limited (India Ratings), Credit Analysis and Research Limited, SME Rating Agency of India Limited and Brickworks Ratings India Pvt Limited to assign risk weights as per RBI guidelines. For Non resident corporate and foreign banks ratings issued by the international rating agencies like Moody's and Standard and Poor's are used for assigning risk weights.

For assets having a contractual maturity of more than a year long term credit ratings assigned by the above mentioned rating agencies are used.

Below attached is the summary as at 31 March 2016 (Amount in ₹ '000)

Nature of exposure	Gross Credit Exposure	Credit Risk Mitigation	Net Exposure (Before Provision)	Credit Risk weight bucket summary			Deduction from Capital
				< 100%	100%	>100%	
Fund Based							
Claims on Banks	514,862	-	514,862	514,862	-	-	
Investments (HTM)	-	-	-	-	-	-	
Loans and Advances	25,306,778	-	25,306,778	2,258,814	18,143,844	4,904,120	
Other Assets and Fixed Assets	11,213,913	-	11,213,913	8,762,769	2,192,847	258,297	
Non Fund Based							
Non Market Related Off Balance sheet items (Contingent Credits and Exposures)	10,262,970	-	10,262,970	5,300,239	2,790,417	2,172,314	
Market Related (Foreign Exchange (FX) and derivative contracts)	23,000,573	-	23,000,573	16,438,336	4,003,808	2,558,429	

8. DF-5 Credit Risk Mitigation: Disclosures for Standardised Approaches

RBI Basel III guidelines allow following credit risk mitigants to be recognized for regulatory capital purposes under the comprehensive approach.

- Eligible financial collateral which included cash (deposited with the Bank), gold, securities issued by Central and State governments, Kisan Vikas Patra, National Savings Certificate, life insurance policies, certain debt securities rated by a recognised credit rating agencies, mutual fund units.
- On balance sheet netting, which is confined to loans and advances and deposits where banks have legally enforceable netting arrangements, involving specific lien with proof of documentation.
- Guarantees where these are direct, explicit, irrevocable and unconditional. Further, the eligible guarantors would comprise :

- Sovereigns, sovereign entities stipulated as per Basel II guidelines, banks and primary dealers with a lower risk weight than the counterparty.
- other entities rated AA (-) or better.

These credit risk mitigation techniques are subject to specific conditions given in Basel III guidelines.

Main types of collateral accepted by the bank are property, plant & machinery, current assets, cash and stand-by letters of credit. Collateral arrangements for each facility are reviewed annually to confirm the fair value of collateral and to ensure there is no impediment to realisation. The fair value of collateral will be its realizable value net of realisation costs.

Credit Risk Mitigation details as at 31 March 2016 are as below

(Amount in ₹ '000)

Exposure covered by eligible financial collateral after application of haircuts	NIL
Exposure covered by guarantees	NIL

9. DF-6 Securitisation Exposures: Disclosure for Standardised Approach

The Bank has not securitised any asset for the year under review hence no disclosures have been made.

10. DF-7 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market parameters. Bank's earnings are exposed to changes in interest rates, foreign currency exchange rates or fluctuations in bond prices. Market risk arises when changes in market rates, prices and volatilities lead to a decline in the value of assets and liabilities, including off-balance sheet positions viz financial derivatives. Market risk is generated through both trading and banking book activities.

The Bank conducts trading operations in interest rates, foreign exchange (including USD-INR FX Options) and fixed-income securities.

To facilitate the management, measurement and reporting of market risk, the Bank has classified market risk into two broad categories:

- Traded market risk:

  This is the risk of loss from changes in the value of financial instruments due to movements in price factors for both physical and derivative trading positions. Trading positions arise from transactions where the bank acts as principal with customers, financial exchanges or inter-bank counterparties.
- Non-traded market risk (or balance sheet risk):

  This comprises management of interest rate risk on banking book and liquidity risk.

The Bank has a detailed market risk management and control framework to support its trading and balance sheet activities. This framework incorporates a risk measurement approach, as outlined below, to quantify the magnitude of market risk within trading and balance sheet portfolios. The framework is supported by a comprehensive limit and policy framework to control the amount of risk that the Group is willing to accept. Market risk limits are allocated at various levels/desks and are monitored and reported by Market Risk on a daily basis. While Value at Risk (VaR) and Stress Testing provide a good overview of the consolidated risk on the Traded and Non-traded portfolios, the Detailed Control Limits (DCL) framework stipulates limits to manage and control the risk of individual asset classes, risk factors and consolidated/trader-wise loss limits (to monitor and manage the performance of the trading portfolio).

Daily MIS is in place for traders' and senior management's cognizance. There is a daily sign-off process which entails traders to sign-off and agree with the Market Risk exposures. Limit utilizations, m-o-m movements, peak utilisation, average utilisation, exceptions, etc. are also placed before RMC and ALCO every month for discussion and suggesting appropriate remedial action wherever required.

Measurement of market risk

Bank's key market risk metrics include VaR, NPV, DV01, Bond Notional, Delta, Gamma, Vega and Theta limits.

A key measure of market risk is Value at Risk (VaR). VaR is a statistical estimate of the potential loss which could occur due to a change in market risk factors for a given holding period and confidence interval.

The Bank measures VaR at a 99% confidence interval. Group's standard VaR approach, for both Traded as well as Non-traded risk, is historical simulation method. This method uses actual historical observations of changes in market rates, prices and volatilities over the previous 500 business days historical period (VaR window) to model P&L outcomes. Both Traded and Non-traded VaR are calculated, monitored and reported using a one-day (1D) holding period.

It should be noted that because VaR is driven by actual historical observations, it is not an estimate of the maximum loss that the Bank could experience from an extreme market event. As a result of this limitation, the Bank utilises a number of other risk measures viz Stress Testing, Back Testing) and Risk Sensitivity (NPV, DV01, Bond Notional, Delta, Gamma, Theta, etc.) limits to complement VaR and manage market risk holistically.

Stress Testing

Bank undertakes a wide range of stress tests for the trading portfolio. Bank has adopted a local Stress Testing policy as mandated by RBI vide circular DBOD. BP.BC.NO. 75/21.04.103/2013-14 dated 02 Dec 2013, titled "Guidelines on Stress Testing". Stress tests as per baseline scenarios prescribed by RBI are conducted at half-yearly intervals (September and March). Results of this periodic stress testing exercise are presented to RMC for advising remedial actions, if any. Apart from this, standard stress tests, as per ANZ Group guidelines, are applied daily to simulate potential loss impact arising from large historical market movements during previous seven years over specific holding periods. Worst stress losses observed during the month are reported to the RMC on a monthly basis.

VaR and stress tests are also supplemented by cumulative loss limits (CLL) and detailed control limits (DCL). Cumulative loss limits ensure that in the event of continued losses from a trading activity, the trading activity is stopped and senior management reviews before trading can resume again. Where necessary, detailed control limits such as risk-sensitivity or position limits are also in place to ensure appropriate control is exercised over a specific risk factor or asset-class.

Back-Testing

Back testing involves the comparison of calculated VaR exposures with actual profit and loss data to identify the frequency of instances when trading losses exceed the calculated VaR. The Bank uses actual and hypothetical profit and loss data for performing Back Testing. Back Testing is conducted daily and outliers are analysed to understand if the issues are the result of trading decisions, systemic changes in market conditions or issues related to the VaR model i.e. historical data or model calibration.

Capital requirement for Market Risk is provided in section 5 above.

11. Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations as they fall due across a wide range of operating circumstances, including repaying depositors or maturing debt, or that the Bank has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is recognized and closely monitored by the Bank.

The Bank maintains a portfolio of liquid assets to manage potential stresses in funding sources. The minimum level of liquidity portfolio assets to hold is based on a range of the Bank specific and general market liquidity stress scenarios such that potential cash flow obligations can be met over the short to medium term.

The Bank's liquidity and funding risks are governed by a set of principles which have been fixed by the Group. The core objective of the overall framework is to ensure that the Bank has sufficient liquidity to meet obligations as they fall due, without incurring unacceptable losses.

Key principles of the Bank's approach to liquidity risk management include:

- Maintaining the ability to meet all payment obligations in the immediate (intraday/overnight) term.
- Ensuring that the Bank has the ability to meet 'survival horizons' under a range of Bank specific and general market liquidity stress scenarios to meet cash flow obligations over a short to medium term horizon.
- Maintaining strength in the Bank's balance sheet structure to ensure long term resilience in the liquidity and funding risk profile.
- Limiting the potential earnings at risk implications associated with unexpected increases in funding costs or the liquidation of assets under stress.
- Preparation of daily liquidity reports and scenario analyses, quantifying the Bank's positions.
- Targeting a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.
- Holding a portfolio of high quality liquid assets to protect against adverse funding conditions and to support day-to-day operations.
- Establishing detailed contingency plan to cover liquidity crisis events.
- Ensuring the liquidity risk management framework is compatible with local regulatory requirements.

Management of liquidity and funding risks are locally overseen by India ALCO.

Scenario modeling

A key component of the Group's liquidity management framework is scenario modeling. ANZ India adopts ANZ Group's liquidity risk management framework using cash flow forecasting models and scenario analysis to measure and monitor liquidity risks arising from on and off-balance sheet activities. The models estimate the likely net cash-flows arising over a specified time horizon to predict any funding and liquidity gaps that need to be managed. The key stress scenarios applied by ANZ India are:

- Liquidity Coverage Ratio (LCR): ANZ internal LCR is based on the APRA Prudential Standard APS 210. The objective of the LCR is to ensure that the bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be readily converted into cash to meet its liquidity needs for a 30 calendar day time period under a severe stress scenario. The LCR metric can be expressed as a ratio or as a notional volume with a scenario duration of 30 day.
- Wholesale Funding Capacity (WFC): The purpose of the metric is to ensure there are no undue maturity concentrations within the wholesale funding profile. The metric is applied to all wholesale funding instruments where ANZ has control over the instrument tenor over a pre-defined time buckets over a 3 month period. The funding instrument includes debt issuance programs (short and long term) and interbank borrowing.
- Funding Market Disruption (FMD): The scenario is a protracted, long-term stress scenario that impacts the market as a whole (i.e. not ANZ name specific). The 6-month scenario assumes that both domestic and offshore wholesale markets are adversely impacted.

Above scenario outcomes are calculated and reported on a daily basis and presented to monthly meetings of ALCO.

12. DF-8 Operational Risk

The Bank understands and manages operational risk efficiently and effectively, allocating appropriate capital to cover expected and unexpected losses to protect depositors, customers and shareholders. Further, ANZ Group has introduced a revised Operational Risk Measurement and Management Framework (ORMMF), including new policies and procedures, which will enable globally consistent and comparable management of operational risk. The framework sets out the minimum requirements to identify, assess, measure, monitor, control and manage operational risk. ANZ India has implemented this operational risk framework since 30-June-2013.

An effective and embedded governance structure is also built for managing operational risk in line with the Bank's values, culture, strategy and appetite. The oversight of operational risk management is conducted via three clearly articulated layers of risk management – Three lines of defense:

- The area where the risk originates is responsible for managing the risk. This is defined as 'the First Line of Defence'.
- To ensure appropriate challenge and oversight, there is a dedicated and independent operational risk management function. This is 'the Second Line of Defence'.

  The first and second lines of defence have defined roles, responsibilities and escalation paths to support effective two way communication and management of operational risk. There are also on-going review mechanisms in place to ensure the framework continues to meet organisational needs and regulatory requirements.
- 'The Third Line of Defence' has an independent oversight role within the governance structure and is performed by Internal Audit. Internal Audit provides independent and objective assurance to management that the first and second lines of defence are functioning as intended.

The Bank periodically identifies and assesses its exposure to material operational risk within all existing and new products, processes, projects and systems, and assesses the key controls in place to manage these risks. Compliance to the operational risk measurement and management framework is monitored using one or more of the following mechanisms, but is not limited to:

- Risk Certification
- Periodic Control Testing
- Internal Audit Reviews
- Periodic External Reviews
- Compliance Monitoring

The Bank uses the Basic Indicator Approach to estimated Operational RWAs. At 31 March 2016, Operational RWAs were ₹ 3,860,054 ('000).

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

The objective of balance sheet interest rate risk management is to secure stable and optimal net interest income over both the short (next 12 months) and long term. Non-traded interest rate risk relates to the potential adverse impact of changes in market interest rates on the Bank's future net interest income. This risk arises from two principal sources: mismatches between the re-pricing dates of interest bearing assets and liabilities, and the investment of capital and other non-interest bearing liabilities in interest bearing assets.

Interest rate risk on the Banking Book is measured and monitored by using VaR (Value at Risk), EaR (Earnings at Risk) and MVE (Market Value of Equity). VaR is an estimate of the impact of interest rate changes on the banking book's market value, expressed to a 99.0% level of statistical confidence using a 1 day holding period calculated using 500 days historical market movements.

The Bank also uses Earnings at Risk (EaR) as an estimate of the amount of the next 12 months' income that is at risk from interest rate movements over a 1 month holding period, expressed to a 97.5% level of statistical confidence. It is calculated by applying a statistically derived interest rate shock to static re-pricing gaps over the first 12 months.

Impacts on earnings for upward and downward rate shocks of 200 bps, broken down by currency, are:

As at 31 March 2016: (Amount in ₹ '000)

Currency	Interest Rate Risk Shocks	
	200bps up	200bps down
Rupees	75,073	(76,756)
USD	369	(370)

Change in Market Value of Equity (MVE) due to interest rate movements directly impacts capital requirements. Bank uses Duration Gap approach to measure the impact on Market Value of Equity (MVE) for upward and downward rate shocks. This measures the potential change in MVE of the Bank for a 200 bps change in interest rates. The change in MVE due to 200 bps change in interest rate is:

Change in MVE due to 200 bps change in interest rate	Amount in ₹ '000
31 March 2016	(119,089)

14. DF-10 Counterparty Credit Risk

Counterparty credit risk in derivative transactions arises from the risk of counterparty default before settlement date of the derivative contracts and the counterparty is unable to fulfill present and future contractual payment obligations. The amount at risk may change over time as a function of the underlying market parameters up to the positive value of the contract in favor of ANZ India.

Counterparty credit risk is present in market instruments (derivatives and forward contracts), and comprises:

- Settlement risk, which arises where one party makes payment or delivers value in the expectation but without certainty that the counterparty will perform the corresponding obligation in a bilateral contract at settlement date.
- Market replacement risk (pre-settlement risk), which is the risk that a counterparty will default during the life of a derivative contract and that a loss will be incurred in covering the position.

Counterparty credit risk requires a different method to calculate exposure at default because actual and potential market movements impact Bank's exposure or replacement cost.

Counterparty credit risk governance

Bank's counterparty credit risk management is governed by its credit principles, policies and procedures. The Group Risk function is responsible for determining the counterparty credit risk exposure methodology applied to market instruments, in the framework for counterparty credit limit management, measurement and reporting.

Counterparty credit limits are approved by the appropriate credit delegation holders.

Counterparty credit risk measurement and reporting

The approach to measure counterparty credit risk exposure is based on internal model. This is referred to as Counterparty Credit Risk Engine (CCRE).

CCRE uses potential future exposure (PFE) Monte Carlo based approach to assess possible exposure movements for certain derivative products and the Bank uses these estimates in internal Economic Capital calculations.

CCRE calculations recognise that prices may change over the remaining period to maturity, and that risk decreases as the contract's remaining term to maturity decreases.

CCRE is also used by credit officers to establish credit limits on an uncommitted and unadvised basis, to ensure the potential volatility of the transaction value is recognised. Counterparty credit risk exposure is calculated daily and excesses above approved limits are reported to account controllers and risk officers for action.

Credit Value Adjustment (CVA)

ANZ uses a CVA model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of PD, LGD, expected credit risk exposure and an asset correlation factor.

Impaired derivatives are also subject to a CVA.

Wrong way risk

Bank's management of counterparty credit risk also considers the possibility of wrong way risk, which emerges when PD is adversely correlated with counterparty credit risk exposures. Bank's credit policies and independent transaction evaluation by Credit Risk are central to managing wrong way risk.

Counterparty Credit Risk in FX and Derivatives

(Amount in ₹ '000)

	As at 31 Mar 2016
Gross positive fair value of contracts	6,674,361
Netting benefits	-
Netted current credit exposure	**6,674,361**
Collateral held (including type e.g. cash, government securities etc.)	-
Net derivatives credit exposure	**6,674,361**
Potential future exposure	16,326,212
Measures for exposure at default, or exposure amount, under CEM	**23,000,573**
The notional value of credit derivative hedges	-
Distribution of current credit exposure by types of credit exposure	
- Interest Rate contracts	10,580,088
- Fx contracts	10,362,786
- Fx Options	2,057,699

15. **DF-11 Composition of Capital**

(Amount in ₹ '000)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)	Basel III Amounts	Amounts Subject to Pre-Basel III Treatment
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	11,311,074	-
2	Retained earnings	-	-
3	Accumulated other comprehensive income (and other reserves)	1,468,594	-
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)*	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
6	**Common Equity Tier 1 capital before regulatory adjustments**	**12,779,668**	-
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	-	-
9	Intangibles (net of related tax liability)	680,466	-
10	Deferred tax assets	-	-
11	Cash-flow hedge reserve	-	-
12	Shortfall of provisions to expected losses	-	-
13	Securitization 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-up 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)3	-	-
20	Mortgage servicing rights4 (amount above 10% threshold)	-	-
21	Deferred tax assets arising from temporary differences5 (amount above 10% threshold, net of related tax liability)	-	-
22	Amount exceeding the 15% threshold6	-	-
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 adjustments7 (26a+26b+26c+26d)	-	-
26a	*of which: Investments in the equity capital of unconsolidated insurance subsidiaries*	-	-
26b	*of which: Investments in the equity capital of unconsolidated non - financial subsidiaries8*	-	-
26c	*of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank9*	-	-
26d	*of which: Unamortized pension funds expenditures*	-	-
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**	**680,466**	-
29	**Common Equity Tier 1 capital (CET1)**	**12,099,202**	-
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (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 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	*of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries*	-	-
41b	*of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank*	-	-
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)**	-	-

(Amount in ₹ '000)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Basel III Amounts	Amounts Subject to Pre-Basel III Treatment
44a	**Additional Tier 1 capital reckoned for capital adequacy11**	-	-
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	**12,099,202**	-
	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 *(includes Investment Reserve)*	191,393	-
51	**Tier 2 capital before 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 investments13 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*	-	-
57	**Total regulatory adjustments to Tier 2 capital**		-
58	**Tier 2 capital (T2)**	**191,393**	-
58a	**Tier 2 capital reckoned for capital adequacy14**	**191,393**	-
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-	-
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**191,393**	-
59	**Total capital (TC = T1 + Admissible T2) (45 + 58c)**	**12,290,595**	-
60	**Total risk weighted assets (60a + 60b + 60c)**	**67,322,850**	-
60a	*of which: total credit risk weighted assets*	53,906,266	-
60b	*of which: total market risk weighted assets*	9,556,530	-
60c	*of which: total operational risk weighted assets*	3,860,054	-
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	17.97%	-
62	Tier 1 (as a percentage of risk weighted assets)	17.97%	-
63	Total capital (as a percentage of risk weighted assets)	18.26%	-
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	6.125%	-
65	*of which: capital conservation buffer requirement*	0.625%	-
66	*of which: bank specific countercyclical buffer requirement*	-	-
67	*of which: G-SIB buffer requirement*	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-	-
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	-
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	-
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	-
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	-	-
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

Row No. of the template	Particular	(Amount in ₹ '000)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of 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	-
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 *(includes Investment Reserves)*	191,393
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	191,393
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

16. Leverage Ratio

The Basel III leverage ratio is a simple, transparent, non-risk based measure which is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Bank's leverage ratio calculated in accordance with extant RBI guidelines is as follows:

DF-17 Summary Comparison of accounting assets vs. leverage ratio exposure measure

(Amount in ₹ '000)

1.	Total consolidated assets as per published financial statements	57,089,234
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 instrument.	16,326,212
5.	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6.	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	10,314,370
7.	Other adjustments	(680,466)
8.	**Leverage ratio exposure**	**83,049,350**

DF-18 Leverage Ratio Common Disclosure as at 31 March 2016

	Leverage Ratio	
	Item	(Amount in ₹ '000)
	On-balance sheet exposures	
1.	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	50,414,873
2.	(Asset amounts deducted in determining Basel III Tier 1 capital)	(680,466)
3.	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	49,734,407
	Derivative exposures	
4.	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	6,674,361
5.	Add-on amounts for PFE associated with all derivatives transactions	16,326,212
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7.	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8.	(Exempted CCP leg of client-cleared trade exposures)	-
9.	Adjusted effective notional amount of written credit derivatives	-
10.	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11.	Total derivative exposures (sum of lines 4 to 10)	23,000,573
	Securities financing transaction exposures	
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13.	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14.	CCR exposure for SFT assets	-
15.	Agent transaction exposures	-
16.	Total securities financing transaction exposures (sum of lines 12 to 15)	-
	Other off-balance sheet exposures	
17.	Off-balance sheet exposure at gross notional amount	22,251,298
18.	(Adjustments for conversion to credit equivalent amounts)	(11,936,928)
19.	Off-balance sheet items (sum of lines 17 and 18)	10,314,370
	Capital and total exposures	

20.	**Tier 1 capital**	12,099,202
21.	**Total exposures (sum of lines 3, 11, 16 and 19)**	83,049,350
	Leverage ratio	
22.	**Basel III leverage ratio (per cent)**	14.57%

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

	Leverage ratio framework	(Amount in ₹ '000)
1	Total consolidated assets as per published financial statements	57,089,234
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	(6,674,361)
3	**On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs)**	**50,414,873**