Abu Dhabi Commercial Bank PJSC – India Branches

(Incorporated in the U.A.E. with Limited Liability)

بنك أبوظبي التجاري ADCB

BALANCE SHEET AS ON MARCH 31, 2017

(Rs '000s)

	Schedules	As on March 31, 2017	As on March 31, 2016
CAPITAL AND LIABILITIES			
Capital	1	**2,170,187**	2,170,187
Reserves and Surplus	2	**1,675,111**	1,516,656
Deposits	3	**28,374,194**	20,836,090
Borrowings	4	**1,657,000**	1,322,096
Other Liabilities and Provisions	5	**874,951**	1,085,842
TOTAL		**34,751,443**	26,930,871
ASSETS			
Cash and Balances with Reserve Bank of India	6	**1,156,934**	775,603
Balances with Banks and Money at Call and Short Notice	7	**2,788,009**	2,279,737
Investments	8	**6,849,410**	3,086,127
Advances	9	**23,108,138**	19,964,750
Fixed Assets	10	**93,636**	89,912
Other Assets	11	**755,316**	734,742
TOTAL		**34,751,443**	26,930,871
Contingent Liabilities	12	**11,727,818**	19,076,733
Bills for Collection		**1,662,107**	1,206,989
Significant Accounting policies	17		
Notes to accounts	18		

The accompanying schedules are an integral part of the Balance Sheet

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(Rs '000s)

	Schedules	Year ended March 31, 2017	Year ended March 31, 2016
I. INCOME			
Interest Earned	13	**1,982,442**	1,852,350
Other Income	14	**265,444**	216,020
TOTAL		**2,247,886**	2,068,370
II. EXPENDITURE			
Interest Expended	15	**1,533,790**	1,385,873
Operating Expenses	16	**402,636**	384,605
Provisions and Contingencies	18 (15)	**153,005**	125,728
TOTAL		**2,089,431**	1,896,206
III. PROFIT/(LOSS)			
Net Profit for the year		**158,455**	172,164
Profit /(Loss) brought forward		–	–
TOTAL		**158,455**	172,164
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		**39,614**	43,041
Remittable Surplus Retained in India for CRAR		**118,841**	129,123
Balance carried over to Balance Sheet		–	–
TOTAL		**158,455**	172,164
Significant Accounting policies	17		
Notes to accounts	18		

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

As per our report of even date

For and on behalf of

C N K & Associates LLP
Chartered Accountants
Firm Reg. No: 101961W / W-100036

ABU DHABI COMMERCIAL BANK PJSC - INDIA BRANCHES

Sd/-
Manish Sampat
Partner
Membership No.101684

Sd/-
Darayus P. Bajan
Chief Executive Officer - India

Mumbai
28 June 2017

Abu Dhabi Commercial Bank PJSC – India Branches

(Incorporated in the U.A.E. with Limited Liability)

بنك أبوظبي التجاري ADCB

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Rs. '000s)

		Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from operating activities			
Net Profit/(Loss) before tax		304,928	288,936
Adjustment for :			
Foreign Exchange (Gain)/Loss		**14,930**	(10,395)
Long term Retention Cost		**8,782**	7,171
Depreciation charge for the year		**15,955**	12,854
Depreciation on investments		–	–
Provision for Advances		**11,502**	8,956
Other Provisions		–	–
Profit on sale of fixed assets		**(80)**	–
Loss on sale of fixed assets		**48**	153
Interest on HTM investment securities		**(204,757)**	(149,781)
		151,308	157,895
Adjustments for :			
(Increase)/Decrease in Term Placements		**500,000**	1,500,000
(Increase)/Decrease in Investments (excluding HTM securities)		**(2,469,516)**	293,454
(Increase)/Decrease in Advances		**(3,143,388)**	(2,406,809)
Increase/(Decrease) in Borrowings		**(992,096)**	(990,404)
Increase/(Decrease) in Deposits		**7,538,104**	1,191,476
(Increase)/Decrease in Other Assets		**51,109**	118,915
Increase/(Decrease) in Other liabilities and provisions		**(246,105)**	(13,810)
		1,238,108	(307,179)
Income Tax (paid)/refund received		**(137,867)**	(170,400)
Net cash generated from/(used in) operating activities	A	**1,251,549**	(319,684)
Cash Flows from investing activities			
Interest received on HTM investment securities		**124,468**	98,104
(Increase)/Decrease in Investments (HTM securities)		**(1,293,767)**	(39,112)
Purchase of fixed assets		**(19,732)**	(21,471)
Proceeds from sale of fixed assets		**86**	45
Net cash generated from/(used in) investing activities	B	**(1,188,945)**	37,566
Cash Flows from financing activities			
Infusion of Funds from Head Office		–	–
Net cash flows generated from financing activities	C	–	–
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**62,604**	(282,118)
Cash and Cash Equivalents at the beginning of the year		**2,555,339**	2,837,457
Cash and Cash Equivalents at the end of the year *		**2,617,943**	2,555,339
(Note: Cash and Cash Equivalents represents Cash and Balance with		**2,617,943**	2,555,339
Reserve Bank of India and Balances with Banks and Money at Call and Short notice)		–	–

* Cash and Cash equivalent includes CRR balance maintained with RBI of Rs. 863,330 /– thousand (Previous year Rs. 771,268/– thousand)

	2017	2016
Reconciliation of Cash and Cash Equivalents with Balance sheet		
Schedule 6 – Cash and Balances with Reserve Bank of India	**1,156,934**	775,602
Schedule 7 – Balances with Banks and Money at Call and Short Notice	**2,788,009**	2,279,737
Shedule 8 – Investments	–	–
Less : Investments more than 90 days	–	–
Less : Lending original maturity more than 90 days	–	(500,000)
Less : Borrowing original maturity less than 90 days	**(1,327,000)**	–
Cash & Cash Equivalents as per Cashflow statement	**2,617,943**	2,555,339

As per our report of even date

For and on behalf of

C N K & Associates LLP
Chartered Accountants
Firm Reg. No: 101961W/W–100036

Sd/-
Manish Sampat
Partner
Membership No.101684

Mumbai
28 June 2017

ABU DHABI COMMERCIAL BANK PJSC – INDIA BRANCHES

Sd/-
Darayus P. Bajan
Chief Executive Officer – India

Abu Dhabi Commercial Bank PJSC – India Branches

(Incorporated in the U.A.E. with Limited Liability)

ADCB بنك أبوظبي التجاري

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2017

(Rs '000s)

	As on March 31, 2017	As on March 31, 2016
SCHEDULE 1 - CAPITAL		
I. Capital		
i) Opening Balance	**2,170,187**	2,170,187
ii) Capital Infusion during the year	**–**	–
	2,170,187	2,170,187
TOTAL	**2,170,187**	2,170,187
II. Amount (Face Value) of Deposit kept in the form of securities with the Reserve Bank of India u/s 11 (2) (b) of the Banking Regulation Act, 1949	**600,000**	550,000
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
i) Opening Balance	**489,423**	446,382
ii) Additions during the year	**39,614**	43,041
	529,037	489,423
II. Capital Reserves		
i) Balance as per last Balance Sheet	**14,711**	14,711
ii) Additions during the year	**–**	–
	14,711	14,711
III. Investment Reserve Account		
i) Opening Balance	**1,589**	1,589
ii) Additions during the year	**–**	–
	1,589	1,589
IV. Remittable Surplus retained in India for CRAR		
i) Opening Balance	**879,374**	750,251
ii) Additions during the year	**118,841**	129,123
	998,215	879,374
V. Revenue and Other Reserves		
i) Opening Balance	**131,559**	131,559
ii) Additions during the year	**–**	–
	131,559	131,559
VI. Balance in Profit and Loss Account	**–**	–
TOTAL	**1,675,111**	1,516,656
SCHEDULE 3 - DEPOSITS		
A) I. Demand Deposits		
i) From banks	**143,154**	159,448
ii) From others	**3,070,380**	2,578,288
	3,213,534	2,737,736
II. Savings Bank Deposits	**732,803**	844,000
III. Term Deposits		
i) From banks	**500,000**	–
ii) From others	**23,927,857**	17,254,354
	24,427,857	17,254,354
TOTAL	**28,374,194**	20,836,090
B) I. Deposits of branches in India	**28,374,194**	20,836,090
II. Deposits of branches outside India	**–**	–
TOTAL	**28,374,194**	20,836,090

(Rs '000s)

	As on March 31, 2017	As on March 31, 2016
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	**–**	–
ii) Other banks	**360,000**	50,000
iii) Other institutions and agencies	**–**	–
II. Borrowings outside India	**1,297,000**	1,272,096
TOTAL (I & II)	**1,657,000**	1,322,096
Secured Borrowings included in I & II above	**–**	–
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**82,615**	68,683
II. Inter-Office adjustments (Net)	**–**	–
III. Interest accrued	**321,577**	373,874
IV. Deferred Tax Liability (Net)	**–**	–
V. Others [includes provision towards standard assets and Unhedged Foreign Currency Exposure Rs. 99,800 thousand (previous year Rs. 90,000 thousand)]	**470,759**	643,285
TOTAL (I to V)	**874,951**	1,085,842
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**6,301**	4,692
II. Balances with Reserve Bank of India		
i) In Current Account	**1,150,633**	770,911
ii) In Other Accounts	**–**	–
TOTAL (I & II)	**1,156,934**	775,603
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In Current Accounts	**16,027**	12,991
b) In Other Deposit Accounts	**–**	500,000
ii) Money at call and short notice		
a) With banks	**950,000**	310,000
b) With other institutions	**–**	–
TOTAL	**966,027**	822,991
II. Outside India		
i) In Current Accounts	**103,457**	363,538
ii) In Other Deposit Accounts	**–**	–
iii) Money at call and short notice	**1,718,525**	1,093,208
TOTAL	**1,821,982**	1,456,746
TOTAL (I & II)	**2,788,009**	2,279,737

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2017

(Rs '000s)

	As on March 31, 2017	As on March 31, 2016
SCHEDULE 8 - INVESTMENTS		
I. Investments in India (Book Value)	**6,849,410**	3,104,227
Less: Provision for Depreciation	–	(18,100)
Net Investments in India	**6,849,410**	3,086,127
Break-up: -		
i) Government securities	**6,849,410**	3,086,127
ii) Other approved securities	–	–
iii) Shares (net off provisions)	–	–
iv) Debentures and Bonds	–	-
v) Subsidaries and/or Joint Ventures	–	–
vi) Others	–	–
TOTAL	**6,849,410**	3,086,127
II. Investments outside India	–	–
TOTAL (I +II)	**6,849,410**	3,086,127
(Refer Note 18 to 22 of Schedule 18)		
SCHEDULE 9 - ADVANCES		
A) i) Bills purchased and discounted ##	**4,066,182**	8,997,313
ii) Cash credits, overdrafts and loans repayable on demand	**9,806,442**	3,464,138
iii) Term loans	**9,235,514**	7,503,299
TOTAL	**23,108,138**	19,964,750
B) i) Secured by tangible assets*	**13,155,515**	5,896,432
ii) Covered by Bank/ Government Guarantees**	**2,202,699**	1,607,285
iii) Unsecured ##	**7,749,924**	12,461,033
TOTAL	**23,108,138**	19,964,750
C) I. Advances in India		
i) Priority Sectors	**4,667,453**	3,716,616
ii) Public Sector	–	–
iii) Banks	**3,808,067**	8,750,000
iv) Others	**14,632,618**	7,498,134
TOTAL	**23,108,138**	19,964,750
II. Advances outside India	–	–
TOTAL	**23,108,138**	19,964,750

Includes Bills Rediscounting of Rs. 3,808,066 thousand (Previous Year Rs. 8,750,000 thousand)
* Includes advances against Book debts
** Includes advances against Letter of Credit and Standby Letter of Credit issued by Banks

(Rs '000s)

	As on March 31, 2017	As on March 31, 2016
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
i) At cost as on March 31 of the preceding year	**56,576**	56,576
ii) Additions during the year	–	–
iii) Deductions during the year	–	–
iv) Depreciation to date	**(16,686)**	(15,764)
TOTAL	**39,890**	40,812
II. Other Fixed Assets (including furniture and fixtures)		
i) At cost as on March 31 of the preceding year	**114,283**	88,082
ii) Additions during the year	**14,453**	27,976
iii) Deductions during the year	**(911)**	(1,775)
iv) Depreciation to date	**(92,316)**	(78,141)
TOTAL	**35,509**	36,142
III. Capital Work in Progress	**18,237**	12,958
GRAND TOTAL (I to III)	**93,636**	89,912
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments(net)	–	–
II. Interest accrued	**90,805**	56,827
III. Tax paid in advance/tax deducted at source (net of provisions)	**126,208**	136,348
IV. Stationery and stamps	–	1
V. Deferred Tax Asset (Net) (Refer note 40 of Schedule 18)	**126,352**	124,818
VI. Others	**411,951**	416,748
TOTAL (I to VI)	**755,316**	734,742
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	**81,477**	81,477
II. Liability on account of outstanding forward exchange contracts (including Spot Contracts)	**7,821,520**	15,021,360
III. Guarantees given on behalf of constituents:		
a) In India	**995,974**	1,021,373
b) Outside India	**2,507,660**	2,699,242
IV. Acceptances, endorsements and other obligations	**307,659**	240,750
V. Other items for which the Bank is contingently liable:		
1. Income tax / Interest tax disputed and in appeal not provided for is estimated at	–	–
2. Transfer to Depositor Education and Awareness Fund (DEAF)	**13,528**	12,531
TOTAL	**11,727,818**	19,076,733

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(Rs '000s)

	Year ended March 31, 2017	Year ended March 31, 2016
SCHEDULE 13 – INTEREST EARNED		
I. Interest/discount on advances/bills	**1,226,587**	1,217,058
II. Income on investments	**438,119**	397,315
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**308,387**	237,751
IV. Others	**9,349**	226
TOTAL (I to IV)	**1,982,442**	1,852,350
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	**44,609**	47,916
II. Profit/(Loss) on sale/ redemption of investments	**83,107**	11,544
Less: Loss on sale/redemption of investments	**–**	–
III. Profit/(Loss) on revaluation of investments	**–**	–
IV. Profit/(Loss) on sale of land, building and other assets	**31**	(153)
V. Net profit on exchange transactions	**137,696**	156,024
VI. Miscellaneous income	1	689
TOTAL (I to VI)	**265,444**	216,020

(Rs '000s)

	Year ended March 31, 2017	Year ended March 31, 2016
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	**1,274,764**	987,660
II. Interest on Reserve Bank of India and Inter-bank borrowings	**37,966**	15,862
III. Others (Includes amortization of premium on swaps undertaken to hedge the FCNR(B) deposits)	**221,060**	382,351
TOTAL (I to III)	**1,533,790**	1,385,873
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	**226,456**	214,502
II. Rent, taxes and lighting	**33,035**	31,068
III. Printing and stationery	**1,927**	2,062
IV. Advertisement and publicity	**2,094**	1,892
V. Depreciation on bank's property	**15,955**	12,854
VI. Auditors' fees and expenses	**1,125**	925
VII. Law charges	**4,204**	3,304
VIII. Postages, telegrams, telephones, etc.	**6,408**	5,485
IX. Repairs and maintenance	**35,415**	30,753
X. Insurance	**27,435**	21,421
XI. Corporate Social Responsibility	**4,532**	4,791
XII Other expenditure (includes Technical and Consultancy Services Rs. 25,934 thousand previous year Rs. 44,026 thousand)	**44,050**	55,548
TOTAL (I to XII)	**402,636**	384,605

SCHEDULE 17 - ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

I. BACKGROUND

The accompanying financial statements comprise the accounts of the India branches of Abu Dhabi Commercial Bank PJSC (referred to as 'the Bank'), which is incorporated and registered in the United Arab Emirates with limited liability.

II. ACCOUNTING POLICIES

1. Accounting Convention

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting policies used in the preparation of these financial statements, in all material aspects, conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and prescribed under Section 133 Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Account) Rules, 2014 and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting, except where otherwise stated, and the historical cost convention.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expense during the reported period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the financial statements.

3. Transactions Involving Foreign Exchange and Derivatives

3.1 Foreign Currency Assets, Liabilities and Contingent Liabilities on account of guarantees, acceptances, endorsements and other outstanding are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India (FEDAI). Foreign Exchange Positions including spot and forward contracts (other than hedging contracts) are revalued monthly at the rates notified by the FEDAI. The resultant gain or loss is recognized in the Profit and Loss Account.

3.2 Items of Income and Expenditure in foreign currency are translated at the exchange rates prevailing on the date of the transactions.

3.3 In case of foreign currency deposits, which have been swapped, the swap cost is treated as Interest cost and amortized over the period of transactions as per Accounting Standard (AS) 11 'The effect of changes in Foreign Exchange rates'.

3.4 In respect of derivative transactions, any overdue receivables representing positive Marked to Market (MTM) value due to the Bank, which remains unpaid for a period of 90 days from the specified due date for payment, as well as the recognized positive MTM in respect of future receivables, as per RBI Guidelines are reversed from the Profit & Loss Account.

4. Investments

4.1 Classification

In accordance with the guidelines for investments laid down by the Reserve Bank of India (RBI), the Bank classifies its investments into the following categories:

i. Held to Maturity

ii. Available for Sale

iii. Held for Trading

4.2 Valuation

4.2.1 Held to Maturity

Investments under this category are carried at acquisition cost, unless they are more than the face value, in which case the premium is amortized over the period remaining till maturity. Diminution other than temporary, if any, in the value of such investment is determined and provided for on each investment individually.

Investments transferred from AFS/HFT to HTM category are valued at lower of acquisition cost, book value or market value on the date of transfer and the depreciation, if any, on such transfer is provided for as per RBI guidelines. These investments are valued net of depreciation unless the same is higher than the face value in which case the excess is amortized over the period remaining till maturity.

4.2.2 Available for Sale and Held for Trading

Investments under these categories including equity shares except for Treasury Bills are marked to market. Net appreciation, if any, under each of the six classifications under which investments are presented in the Balance Sheet, is ignored and net depreciation is provided for category wise. In addition, further provision is made for depreciation based on management's estimate of potential depreciation if required. Treasury Bills are valued at carrying cost.

4.3 Cost of Investments excludes broken period interest paid on acquisition of Investments which is charged to Profit and Loss Account.

4.4 The market value of investments is ascertained based on the price of security as available from the trades/quotes on the Stock Exchange or prices declared by the Primary Dealers Association of India (PDAI) jointly with the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

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

4.5.1 Value of unquoted Government securities is derived based on the yield-to maturity (YTM) rate for Government securities of equivalent maturity put out by FIMMDA/PDAI.

4.5.2 Value of unquoted bonds, debentures and preference shares where interest/dividend is received regularly, is derived based on the YTM rate for Government securities as suitably marked up for credit risk applicable to the credit rating of the instrument.

4.5.3 Value of unquoted bonds, preference shares, equity shares and debentures where dividend/interest is not received regularly, is derived on the basis of valuation and provisioning norms prescribed by the RBI.

4.6 Repo/Reverse repo transactions (including under Liquidity Adjustment Facility (LAF) with RBI) if any, are accounted for as collateralized lending and borrowing transactions in accordance with RBI guidelines and correspondingly the expense and income thereon is treated as interest.

5. Advances

5.1 Advances are classified into performing and non-performing as per the prudential norms on asset classification laid down by the RBI. Specific provision for 'Non Performing Advances' is made on the basis of provisioning requirement under the prudential norms as laid down by the RBI, and is deducted from Advances. General provisions on "Standard Assets" and for "Country Risk" at rates specified by RBI are included in 'Other Liabilities and Provisions'. This general provision also covers the provisioning requirement towards Un-hedged foreign currency exposures introduced vide RBI's Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 effective 1st April 2014.

5.2 Provision on loans and advances restructured/rescheduled is made in accordance with the applicable RBI guidelines on restructuring of the loans and advances by Banks.

5.3 In addition to the provision made as per para 5.1 above, further provision is made for 'Non Performing Advances' based on Management's estimate of potential exposure, wherever necessary.

6. Fixed Assets

6.1 Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and other attributable cost of bringing the asset to its working condition and for its intended use.

6.2 Depreciation on assets is provided based on the useful life of the assets. Depreciation on assets is charged at rates as shown below which are higher than or equal to the minimum rates prescribed under Schedule II of the Companies Act, 2013 as shown below.

Asset class	Useful life of assets as per Companies Act, 2013	Useful life of assets as per Bank's policy	Rate	Method
Premises	60 years	60 years	1.63%	SLM
Computer (Hardware& Software)	6 years	3 years	33.33%	SLM
Furniture and Fixtures	10 years	10 years	18.1%	WDV
Plant and Machinery	15 years	15 years	18.1%	WDV
Motor Car	8 years	5 years	20%	SLM

6.3 The useful life of fixed assets is less than those specified under schedule II of Companies Act 2013. The management believes that useful life of fixed assets currently considered for the purpose of depreciation fairly reflect its estimate of the useful life and residual values of fixed assets.

6.4 The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired and provides for impairment loss, if any, in the profit and loss account.

7. Impairment of Assets

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

8. Operating Lease Transactions

Leases, where the lessor effectively retains substantially all the risks and benefits of the ownership are classified as operating lease. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

9. Revenue Recognition

Income/Expenditure are accounted for on accrual basis except in case of Non-Performing Assets, where income is recognized on actual realization as per RBI guidelines. Income from services that are subject to service tax are accounted net of service tax.

Commission on Guarantees and Letter of Credit issued are amortized on a straight-line basis over the period of the Guarantees/Letter of Credit. Loan processing fees (for loans more than one year) are amortized over the tenure of the loan on a straight line basis.

10. Employee Benefits

10.1 Provident Fund

During the year the Bank has decided to transfer the entire balance in PF Trust (established by the Bank) to EPFO. Subsequently, the Bank transfers monthly contribution to EPFO within the specified timelines. The contribution made to EPFO is charged to profit and loss account.

10.2 Gratuity

The Bank operates a Gratuity Fund Scheme and the contributions are made to the Trust established for this purpose. This is a defined benefit plan where employees completing five years of continuous service are eligible for 30 days salary for each completed year of service. The Bank has taken a Group Gratuity Policy with Life Insurance Corporation of India (LIC). The Bank makes contributions to the Fund as and when required based on actuarial valuation carried out by an independent external actuary using the projected unit credit method.

10.3 Compensated Absences

All eligible employees of the Bank are entitled to compensate absences which are recognized in the Profit and Loss account on the basis of an independent external actuarial valuation carried out at balance sheet date using the projected unit credit method.

10.4 Actuarial gains/losses

Actuarial gains/losses are immediately recognized in the Profit & Loss Account.

10.5 Other employee benefits such as medical insurance, life insurance, personal accident insurance, performance award etc. are recognized as an expense in the profit and loss account of the year in which the related service is rendered.

11. Cash and Cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/institutions and money at call and short notice.

12. Provision For Taxation

Income tax expense comprises of the current tax, the net change in the deferred tax asset and the deferred tax liability during the year. Current tax is determined on the basis of the provisions of the Income Tax Act, 1961. The Bank accounts for deferred taxes in accordance with provision of AS 22 'Accounting for Taxes'. Deferred taxation is provided on timing differences between the accounting income and taxable income for the year using tax rates and laws substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized to the extent there is certainty that they will be realized and are reviewed for appropriateness of their carrying value at each Balance Sheet date.

13. Provisions, Contingent Assets And Contingent Liabilities

The Bank estimates provisions when it has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefit to settle the obligation will be required and a reliable estimate can be made of such an obligation. Contingent Assets are not recognized in the Financial Statements. A disclosure of Contingent Liability is made when there is:

i) A possible obligation, arising from a past event(s), the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank or

ii) Any present obligation that arises from past events but is not recognized because:

   a. It is not probable that an outflow of resource embodying economic benefits will be required to settle the obligation;

   b. A reliance estimate of the amount of obligation cannot be made.

SCHEDULE 18 - NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017

(Rs. 000's)

		2016-17	2015-16
1	**Business Ratios:**		
i.	Interest income as a percentage to working funds$	**6.76%**	7.18%
ii.	Non-interest income as a percentage to working funds	**0.91%**	0.84%
iii.	Operating profit as a percentage to working funds	**1.06%**	1.15%
iv.	Return on assets	**0.54%**	0.67%
v.	Business (Deposits + Advances)# per Employee *	**478,250**	504,073
vi.	Profit per Employee*	**2,031**	2,459

$ Working funds are considered as average of total assets as reported to RBI in Form X
* No of employees as at year end has been considered.
\# Average deposits and advances are considered as per Form X.

2. Lending to sensitive sectors are as under:

(Rs. 000's)

		2016-17	2015-16
2.1	**Exposure to real estate sector**		
a)	**Direct exposure :**	**372,644**	419,956
i)	Residential mortgages – of which Individual Housing Loans eligible for inclusion in Priority Sector	**12,644**	19,956
ii)	Commercial Real Estate – Residential Housing Project (including NFB limits Rs. NIL)	**360,000**	400,000
iii)	Investment in Mortgage Backed Securities and other securitized exposures:	–	–
a.	Residential	–	–
b.	Commercial Real Estate	–	–
b)	**Indirect exposure :**	**311,851**	**318,470**
	Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	**311,851**	318,470
	Total Real Estate exposure	**684,495**	**738,426**

(Rs. 000's)

		2016-17	2015-16
2.2	**Exposure to capital market**		
i.	Investments made in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	–	18,100
ii.	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in equity shares (including IPO's/ESOPS), convertible bonds or convertible debentures, units of equity oriented mutual funds.	–	–
iii.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	–	–
iv.	Advances for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	–	–
v.	Secured and unsecured advances to stockbrokers & guarantees issued on behalf of stockbrokers and market makers	–	–
vi.	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	–	–
vii.	Bridge loans to companies against expected equity flows/issues	–	–
viii.	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	–	–
ix.	Financing to stockbrokers for margin trading	–	–
x.	All exposures to venture capital funds (both registered & unregistered)	–	–
	Total Exposure to Capital Market	–	**18,100**

2.3 The risk category wise exposure and the provisions held as required under Country Risk Management are as follows:

(Rs. 000's)

Risk category	Exposure (31 March 2017)	Provision Held (31 March 2017)	Exposure (31 March 2016)	Provision Held (31 March 2016)
Insignificant	3,111,281	2,735	2,497,649	2,084
Low	3,402,878	6,467	3,112,696	5,216
Moderately Low	12,628	–	211,720	–
High	361,080	–	31,758	–
Very High	25,982	–	–	–
Total	**6,913,849**	**9,202**	**5,853,823**	**7,300**

In terms of RBI circular, provision is made only for those countries where the net funded exposure is 1% or more of total assets

3. Asset Quality :

(Rs. 000's)

		2016-17	2015-16
3.1	**Provision for Standard Assets as at year end (Includes provision on unhedged foreign currency exposure)**	**99,600**	89,100
3.2	**Percentage of Net Non-Performing Assets to Net Advances**	**0.06%**	0.07%
3.3	**Movement in Non Performing Advances (Gross)**		
	Balance as at the beginning of the year	**231,076**	231,076
	Add: Additions during the year/transfer	–	–
	Less: Reductions during the year		
	Upgradations	–	–
	Recoveries	–	–
	Write-offs	–	–
	Balance as at the end of the year	**231,076**	**231,076**
3.4	**Movement in provision for Non Performing Advances** (Excluding provision on standard assets)		
	Balance as at the beginning of the year	**217,555**	217,555
	Add: Provisions made during the year	–	–
	Less: Write-off/Write back of excess provision during the year	–	–
	Balance as at the end of the year	**217,555**	217,555
3.5	**Provisioning Coverage Ratio**	**94.15%**	94.15%
3.6	**Movement in Non Performing Advances (Net)**		
	Balance as at the beginning of the year	**13,521**	13,521
	Add: Additions during the year	–	–
	Less: Reductions during the year	–	–
	Balance as at the end of the year	**13,521**	13,521
3.7	**Movement in Non Performing Investments (Gross)**	**2016-17**	**2015-16**
	Balance as at the beginning of the year	**18,100**	18,100
	Add: Additions during the year	–	–
	Less: Reductions during the year	**18,100**	–
	Upgradations	–	–
	Recoveries	–	–
	Write-offs	–	–
	Balance as at the end of the year	–	18,100
3.8	**Movement in provision for Non Performing Investments** (Excluding provision on standard assets)		
	Balance as at the beginning of the year	**18,100**	18,100
	Add: Provisions made during the year/transfer	–	–
	Less: Write-off/Write back of excess provision during the year	**18,100**	–
	Balance as at the end of the Year	–	18,100
3.9	**Movement in Non Performing Investments (Net)**		
	Balance as at the beginning of the year	–	–
	Add: Additions during the year	–	–
	Less: Reductions during the year	–	–
	Balance as at the end of the year	–	–

(Rs. '000s)

4. Movement in Floating Provision	**2016-17**	**2015-16**
Balance as at the beginning of the year	**13,482**	13,482
Add: Additions during the year	–	–
Less: Draw down during the year	–	–
Balance as at the end of the year	**13,482**	13,482

5. Details of financial assets sold during the year to Securitization/Reconstruction Company (SC/RC) for Asset

During the year, the Bank has not transferred any financial assets to SC/RC.

6. Disclosures relating to Securitization

There are no SPV's sponsored by the Bank and hence there are no securitized assets as per books of SPVs. There are no exposures retained by the bank as on the date of Balance sheet to comply with the minimum retention requirements (MRR).

7. Non performing financial assets purchased/sold during the year

During the year the Bank has not purchased or sold any Non-performing Assets.

8. Details of Loan assets subject to restructuring during the year

During the year, the Bank has not restructured advances given to any customer.

Disclosures of Restructured Accounts as on March 31, 2017

(Rs '000)

Sr No	Type of Restructuring		Under CDR Mechanism (INR)					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April 1 of the FY	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
		Amount outstanding	-	-	248,894	-	248,894	-	-	-	-	-	-	-	-	-	-	-	-	248,894	-	248,894
		Provision thereon	-	-	235,373	-	235,373	-	-	-	-	-	-	-	-	-	-	-	-	235,373	-	235,373
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
		Amount outstanding	-	-	248,894	-	248,894	-	-	-	-	-	-	-	-	-	-	-	-	248,894	-	248,894
		Provision thereon	-	-	235,373	-	235,373	-	-	-	-	-	-	-	-	-	-	-	-	235,373	-	235,373

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

9. Concentration of Deposits, Advances, Exposures and NPAs:

(Rs. 000's)

	2016-17	2015-16
a) Concentration of Deposits		
Total Deposits of 20 largest depositors	21,819,663	9,400,150
Percentage of deposits of 20 largest depositors to total deposits of the Bank (includes inter-bank deposits)	76.90%	45.11%
b) Concentration of Advances**		
Total Advances to 20 largest Borrowers	17,796,743	17,062,039
Percentage of advances to 20 largest Borrowers to total advances of the Bank (includes inter-bank exposures)	76.30%	84.54%

** Advances are computed as per definition of Credit Exposure including derivatives furnished in Master Circular of Exposure norms. Bills Rediscounting is included in advances.

	2016-17	2015-16
c) Concentration of Exposures**		
Total Exposure to 20 largest Borrowers/Customers	19,475,786	19,166,698
Percentage of Exposures to 20 largest Borrowers/Customers to total Exposure of the Bank on Borrowers/Customers (includes inter-bank exposures)	64.71%	71.28%

* Exposures are computed based on credit and investment exposure furnished in Master Circular of Exposure Norms

	2016-17	2015-16
d) Concentration of NPAs		
Total Exposure to top 4 NPA accounts	231,076	249,175

(This includes advance amount converted into equity shares as per CDR restructuring package)

10. Sector-wise advances

(Rs. 000's)

Sr. No.	Sector	2016-17			2015-16		
		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	**4,667,453**	–	–	3,716,617	–	–
3	Service	–	–	–	–	–	–
4	Personal loans	–	–	–	–	–	–
	Sub-total (A)	**4,667,453**	–	–	**3,716,617**	–	–
B	**Non Priority Sector**						
1	Agriculture and allied activities	–	–	–			
2	Industry of which	**5,804,375**	**230,794**	**3.98%**	6,012,257	230,794	3.84%
	– Infrastructure	**2,856,665**	–	–	2,768,948	–	–
	– Food processing	**730,942**	–	–	–	–	–
	– Engineering	**892,833**	–	–	–	–	–
3	Services of which	**12,840,870**	–	–	10,432,519	–	–
	– NBFC	**1,721,395**	–	–	1,288,654	–	–
4	Personal loans	**12,994**	**282**	**2.17%**	20,912	282	1.35%
	Housing loans	**12,664**	–	–	19,956	–	–
	Sub-total (B)	**18,658,239**	**231,076**	**1.24%**	**16,465,688**	**231,075**	**1.40%**
	Total (A+B)	**23,325,692**	**231,076**	**0.99%**	**20,182,305**	**231,075**	**1.14%**

11. Overseas Assets, NPAs and Revenue:

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

12. Off Balance sheet SPVs sponsored

The Bank does not have any Off Balance sheet sponsored SPV as at March 31, 2017 (Previous Year: Nil)

13. Unsecured Advances against Intangible securities

There are no advances granted against intangible securities such as charge over the rights, licenses, authority (excluding guarantees) etc. during the year (Previous Year: Nil)

(Rs.000's)

14.	Fees received in respect of Banc assurance business	2016-17	2015-16
–	For selling Mutual Fund products	**90**	170
–	For selling Insurance products	**–**	–

15. Provisions and Contingencies debited to the Profit and Loss Account include:

(Rs.000's)

		2016-17	2015-16
i.	Provision/(Write Back) of Non-Performing Funded Advances (Net)	**–**	–
ii.	Bad Debts written-off/Recovered	**–**	–
iii.	Provisions for Country Risk	**1,902**	356
iv.	Provision/(Write Back) of Depreciation on Investments (Net)	**(4,970)**	–
v.	Provision for Deferred Tax (Net)	**(1,534)**	(46,681)
vi.	Provision for Current Tax	**148,007**	163,453
vii.	Provisions for Standard Assets (including unhedged foreign currency exposure)	**9,600**	8,600
	Total	**153,005**	**125,728**

16. Capital Adequacy

As per the RBI guidelines on capital adequacy issued, banks are required to compute their capital requirement under Basel III effective June 30, 2013. The capital ratio as per Basel III is **25.52%** (Previous Year 24.89% under Basel III).

The capital adequacy ratio of the Bank, calculated as per RBI guidelines Basel III capital Regulations generally referred to as Basel – III is set out below:

		2016-17	2015-16
i.	Common Equity Tier I capital ratio (%)	**24.64%**	24.07%
ii.	Tier I capital ratio (%)	**24.64%**	24.07%
iii.	Tier II capital ratio (%)	**0.88%**	0.82%
iv.	Total capital ratio (CRAR) (%)	**25.52%**	24.89%
v.	Amount of Interest free fund raised from HO in the year	**–**	–
vi.	Amount of additional Tier I capital raised in the year	**–**	–
vii.	Amount of Tier II capital raised in the year	**–**	–

17. Draw-down from Reserves

The Bank has not drawn down any amount from the Reserves during the current year (Previous Year: Nil).

(Rs. 000's)

18.	Classification of Net Investments under various categories is as under:	2016-17	2015-16
	Held to Maturity	**3,143,402**	1,849,635
	Available for Sale	**3,706,008**	1,236,492
	Held for Trading	**–**	–
	Total	**6,849,410**	3,086,127

Investments include securities of Book Value **Rs. 284,188 thousand** (Previous Year: **Rs. 263,614 thousand**) pledged with CCIL for margin requirements.

Investments include securities amounting **Rs. 309,455 thousand** (Previous Year: **Rs. 301,721 thousand**) kept as margin with Reserve Bank of India towards Real Time Gross Settlement (RTGS).

Investment includes securities of face value **Rs. 600,000 thousand** (Previous Year: **Rs. 550,000 thousand**) kept with Reserve Bank of India u/s 11(2) (b) of Banking Regulation Act, 1949.

19. Movement in Provision for depreciation on Investment

(Rs. 000's)

	2016-17	2015-16
Balance as at the beginning of the year	**18,100**	18,100
Add: Provisions made during the year/transfer	**–**	–
Less: Write-off /Write back of excess provision during the year*	**18,100**	–
Balance as at the end of the year	**–**	18,100

* Includes write off of provisions on Securitization receipts **Rs. Nil** (Previous Year: **Rs.18,100 thousand**)

20. Movement in Non – Performing Non SLR Investments is as under:

(Rs. 000's)

	2016-17	2015-16
Opening Balance	**18,100**	18,100
Additions during the year	–	–
Reductions /Write off during the year	**18,100**	–
Closing Balance	–	18,100
Total Provisions held	–	18,100

21. Issuer composition of Non-SLR investments is as under:

As at March 31, 2017 (Rs. 000's)

Sr. No (1)	Issuer (2)	Amount (3)	Extent of private placement (4)	Extent of 'below investment grade' securities (5)	Extent of 'unrated' securities (6)	Extent of 'unlisted' securities (7)
1	PSUs	–	–	–	–	–
2	Financial Institutions	–	–	–	–	–
3	Banks	–	–	–	–	–
4	Private Corporates	–	–	–	–	–
5	Subsidiaries/Joint Ventures	–	–	–	–	–
6	Others	–	–	–	–	–
7	Provision held towards depreciation	–				
	Total			**–**		

As at March 31, 2016 (Rs. 000's)

Sr. No (1)	Issuer (2)	Amount (3)	Extent of private placement (4)	Extent of 'below investment grade' securities (5)	Extent of 'unrated' securities (6)	Extent of 'unlisted' securities (7)
1	PSUs	–	–	–	–	–
2	Financial Institutions	–	–	–	–	–
3	Banks	–	–	–	–	–
4	Private Corporates	18,100	18,100	–	18,100	–
5	Subsidiaries/Joint Ventures	–	–	–	–	–
6	Others	–	–	–	–	–
7	Provision held towards depreciation	(18,100)				
	Total	**–**				

22. Investments

(Rs. 000's)

Particulars	**2016-17**	2015-16
(1) Value of investments		
(i) Gross value of investments		
(a) In India	**6,849,410**	**3,104,227**
(b) Outside India		
(ii) Provision for depreciation		
(a) In India	–	18,100
(b) Outside India	–	–
(iii) Net value of investments		
(a) In India	**6,849,410**	3,086,127
(b) Outside India	–	–
(2) Movement of provisions held towards depreciation of Investments		
(i) Opening balance	**18,100**	–
(ii) Add : Provision made during the period	–	18,100
(iii) Less : Write off/write-back of excess provisions during the year	**18,100**	–
(iv) Closing balance	–	18,100

23. Sale or transfer to/from HTM Category

During the year, there was transfer of GOI Securities of face value **Rs. 600,000 thousand** (Previous year: 450,000 thousand) from HTM Category to AFS category which was duly approved by MANCOM on **11th April 2016** as a one-time transfer at the beginning of the year as permitted by Reserve Bank of India. Securities transferred was valued at lower of acquisition cost, book value or market value on the date of transfer and the depreciation, if any, on such transfer is provided for as per RBI guidelines.

24. Repo transactions

The particulars of Repo transactions including LAF with RBI are as under:

(Face Value Rs. 000's)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at year end
Securities sold under repo				
i. Government securities	–	**999,939**	**6,300**	–
	(–)	**(624,000)**	**(8,641)**	(–)
ii. Corporate debt securities	–	–	–	–
	(–)	(–)	(–)	(–)
Securities purchased under reverse repo				
i. Government securities	–	**12,400,000**	**3,215,815**	**950,000**
	(–)	**(4,565,900)**	**(1,532,670)**	**(322,400)**
ii. Corporate debt securities	–	–	–	–
	(–)	(–)	(–)	(–)

Note: Previous year's figures are shown in brackets.

25. During the year, no penalties were imposed on the Bank by the Reserve Bank of India.

(Previous Year: Nil)

26. During the year, the Bank has not exceeded the Prudential Exposure Limits for Individual Borrower or Group Borrowers. (Previous Year: Nil)

27. Maturity Profile of Assets/Liabilities:

As at March 31, 2017 (Rs. 000's)

Maturity Pattern	Total				Foreign Currency	
	Deposits	Borrowings	Advances (Net)	Investment (Net)	Assets(*)	Liabilities(*)
0-1 day	**18,862**	**–**	**73,063**	**2,318,235**	**363,446**	**8,310**
2-7 days	**984,066**	**30,000**	**9,054,603**	**154,145**	**1,733,248**	**42,369**
8-14 days	**297,939**	**–**	**124,927**	**48,035**	**45,453**	**48,645**
15-28 days	**4,021,972**	**–**	**640,536**	**600,265**	**489,407**	**15,873**
29 days - 3 months	**12,421,409**	**1,297,000**	**2,798,950**	**1,841,031**	**898,841**	**1,377,675**
3-6 months	**1,470,131**	**–**	**1,980,256**	**232,738**	**1,433,280**	**250,664**
6-12 months	**2,997,957**	**330,000**	**1,205,200**	**517,420**	**–**	**895,944**
1-3 years	**6,019,176**	**–**	**5,761,978**	**894,652**	**–**	**1,346,895**
3-5 years	**142,682**	**–**	**1,392,904**	**21,515**	**–**	**107,755**
Over 5 years	**–**	**–**	**75,721**	**221,374**	**–**	**3,150**
Total	**28,374,194**	**1,657,000**	**23,108,138**	**6,849,410**	**4,963,675**	**4,097,280**

Classifications of Assets and Liabilities under the different maturity buckets are compiled by Management based on the guidelines issued by the RBI and are based on the same assumptions as used by the Bank for compiling the return submitted to the RBI and which have been relied upon by the auditors.

(*) Foreign Currency Assets and Liabilities exclude off-Balance Sheet Assets and Liabilities.

As at March 31, 2016 (Rs. 000's)

Maturity Pattern	Total				Foreign Currency	
	Deposits	Borrowings	Advances (Net)	Investment (Net)	Assets(*)	Liabilities(*)
0-1 day	421	–	78,009	–	621,933	30,517
2-7 days	618,239	712,550	501,106	–	1,554,073	664,451
8-14 days	34,640	–	1,150,642	–	88,354	1,433
15-28 days	239,472	–	1,382,029	138,842	108,869	6,987
29 days - 3 months	1,965,861	609,546	8,138,255	332,833	1,016,745	679,059
3-6 months	1,920,161	–	1,804,285	342,748	947,094	905,349
6-12 months	10,455,570	–	1,315,680	471,543	165,890	9,828,464
1-3 years	5,576,038	–	3,053,879	592,955	–	852,301
3-5 years	25,698	–	2,480,049	245,920	–	–
Over 5 years	–	–	60,816	961,286	–	3,883
Total	**20,836,090**	**1,322,096**	**19,964,750**	**3,086,127**	**4,502,958**	**12,972,444**

Classifications of Assets and Liabilities under the different maturity buckets are compiled by Management based on the guidelines issued by the RBI and are based on the same assumptions as used by the Bank for compiling the return submitted to the RBI and which have been relied upon by the auditors.

(*) Foreign Currency Assets and Liabilities exclude off-Balance Sheet Assets and Liabilities.

28. Movement in stock of technical write-offs and the recoveries made thereon:

There were no movements in Technical write-offs nor any recoveries were made during the FY 2016-17 (Previous Year: Nil).

29. Unhedged Foreign Currency Exposure

The Bank has in place a policy on managing credit risk arising out of unhedged currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency portfolio and encouraging them to hedge the unhedged portion. In line with this policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage.

Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a regular basis. The bank also maintains incremental provision towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines.

In accordance with the RBI's Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated January 15, 2014 effective April 1, 2014, the Bank has maintained incremental provision of Rs. 5,625 thousand (Previous year- Rs. 8,529 thousand) and additional capital of Rs.27,900 thousand (Previous year- Rs. 15,721 thousand) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2017.

30. The Bank has not entered into any Credit default swaps transactions during the year (Previous Year: Nil).

31. Liquidity Coverage Ratio

(Rs. 000's)

	Average Q4 2016-17		**Average Q3 2016-17**		**Average Q2 2016-17**		**Average Q1 2016-17**		**2015-16**	
	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)	8,111,805	8,111,805	7,898,652	7,898,652	9,178,837	9,178,837	3,755,940	3,755,940	2,183,126	2,183,126
Cash Outflows										
2 Retail deposits and deposits from small business customers, of which:	2,943,873	291,446	4,434,596	441,072	5,143,715	511,799	3,280,743	325,492	2,691,069	266,711
(i) Stable deposits	58,833	2,942	47,751	2,388	51,454	2,573	51,645	2,582	47,932	2,397
(ii) Less stable deposits	2,885,040	288,504	4,386,844	438,684	5,092,261	509,226	3,229,098	322,910	2,643,137	264,314
3 Unsecured wholesale funding, of which:	1,709,095	1,255,076	2,491,919	2,127,755	2,422,809	965,034	763,459	299,182	526,489	205,551
(i) Operational deposits (all counterparties)	646	32	255	13	38	2	31	2	32	32
(ii) Non-operational deposits (all counterparties)	1,708,449	1,255,043	2,491,664	2,127,742	2,422,771	965,032	763,427	299,180	526,457	205,519
(iii) Unsecured debt	–	–	–	–	–	–	–	–	–	–
4 Secured wholesale funding	–	–	17,543	–	–	–	83,301	–	–	–
5 Additional requirements, of which	2,933,994	516,141	2,032,752	202,333	1,643,254	161,293	1,833,586	181,410	1,505,441	148,170
(i) Outflows related to derivative exposures and other collateral requirements	–	–	–	–	–	–	–	–	–	–
(ii) Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–	–	–
(iii) Credit and liquidity facilities	2,933,994	516,141	2,032,752	202,333	1,643,254	161,293	1,833,586	181,410	1,505,441	148,170
6 Other contractual funding obligations	2,645,686	2,645,686	1,411,405	1,411,405	631,184	631,184	346,744	346,744	269,183	269,183
7 Other contingent funding obligations	3,357,840	100,735	3,061,621	91,849	3,425,108	102,753	3,353,579	100,607	3,914,333	142,947
8 Total Cash Outflows	13,590,488	4,809,084	13,449,836	4,274,413	13,266,070	2,372,063	9,661,413	1,253,436	8,906,515	1,032,562
Cash Inflows										
9 Secured lending (e.g. reverse repos)	4,329,420	–	4,543,573	–	7,319,873	–	1,049,945	–	103,333	–
10 Inflows from fully performing exposures	1,040,841	520,421	1,448,401	724,201	1,571,558	785,779	1,208,300	604,150	1,980,756	990,378
11 Other Cash inflows	1,632,323	1,632,323	1,569,248	1,569,248	2,373,942	2,373,942	4,232,478	4,232,478	3,055,951	3,055,951
12 Total cash inflows	7,002,584	2,152,744	7,561,223	2,293,449	11,265,373	3,159,721	6,490,723	4,836,629	5,140,040	4,046,329
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA	8,111,805	8,111,805	7,898,652	7,898,652	9,178,837	9,178,837	3,755,940	3,755,940	2,183,126	2,183,126
14 Total Net Cash Outflows	–	2,656,340	–	1,980,964	–	(787,658)	–	(3,583,192)	–	(3,013,767)
15 25% of total cash outflows (25% of 8)	–	1,202,271	–	1,068,603	–	593,016	–	313,359	–	258,140
16 Higher of total net cash outflows or 25% of total cash outflows (Higher of 14 or 15)	–	2,656,340	–	1,980,964	–	593,016	–	313,359	–	258,140
17 Liquidity Coverage Ratio (%) (13/16)	–	305.38%	–	398.73%	–	1547.82%	–	1198.61%	–	845.74%

32. Qualitative disclosure around LCR

Liquidity of the Bank is managed by the Treasury under the direction of the Asset Liability Management Committee ('ALCO'). For the India operations of the Bank, ALCO -India is responsible for the overall management of liquidity.

The Bank during the three months ended March 31, 2017 maintained average HQLA (after haircut) of Rs. 8,111,805 thousand (Previous year – Rs. 2,183,126 thousand) against the average liquidity requirement of Rs.2,125,072 thousand (Previous year – Rs.180,698 thousand) at minimum LCR requirement of 80%. HQLA primarily included cash, balance in excess of cash reserve requirement with RBI and government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR).

The Bank has been focusing on increasing its core liabilities, including current and savings account (CASA) deposits. Bank has replaced the FCNR liabilities (Special FCNR B deposits) of USD 150 mn with the certificate of deposits and Mutual funds deposits funding. On March 31, 2017, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were CASA deposits 14% (Previous year- 13%), term deposits 53% (Previous year- 27%) and certificate of deposits 33% (Previous year- Nil). Further, the total borrowings mobilised from significant counterparties (from whom, the funds borrowed were more than 1.00% of the Bank's total liabilities), were 3.73% (Previous year- 5%) of the total liabilities of the Bank at March 31, 2017.

The weighted cash outflows are primarily driven by other contractual funding obligation (Money Market Borrowings) which includes Certificate of deposits mobilised by the Bank. Other contractual funding obligation contributed 55% (Previous year- 26%) of the total weighted cash outflows. Unstable Retail deposits and unsecured wholesale deposits contributed 21% (Previous year- 26%) and 26% (Previous year- 20%) of the total weighted cash outflows respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients and its contribution in weighted cash outflow is 2% (Previous year – 14%).

Liquidity requirement of the Bank on account of market valuation changes for derivative transactions was Nil as Bank was not dealing in derivatives. Bank may be required to post additional collateral due to market valuation changes on derivative transactions (Plain Vanilla products) settled through Clearing Corporation of India (CCIL) which is a Qualified Central Counterparty (QCCP) in India. The outflow on account of market valuation change for derivative transactions with CCIL has been considered based on the prescribed look back approach.

Based on the above, Daily average LCR of the Bank for the three months ended March 31, 2017 was 305% (Previous year- 846%).

33. Subordinated debt

The bank has not raised any subordinated debt during the year ended 31st March 2017.

(Previous Year: Nil)

34. Customer Complaints

Sr. No.	Particulars	2016-17	2015-16
1.	No. of complaints pending at the beginning of the year	**–**	–
2.	No. of complaints received during the year	**62**	52
3.	No. of complaints redressed during the year	**60**	52
4.	No. of complaints pending at the end of the year	**2**	–

The above details have been based on information provided by the Management.

Awards passed by the Banking Ombudsman

1.	No. of unimplemented awards at the beginning of the year	–	–
2.	No. of awards passed by the Banking Ombudsman during the year	–	–
3.	No. of awards implemented during the year	–	–
4.	No. of unimplemented awards at the end of the year	–	–

The above details have been based on information provided by the Management.

35. Disclosures on Derivatives

(a) Forward Rate Agreement/ Interest Rate Swap

The Bank has not dealt with any Forward Rate Agreement (FRA)/Interest Rate Swaps (IRS). Hence the disclosure in respect of the same and risk exposure on derivatives is not applicable.

(b) Exchange Traded Interest Rate Derivatives

The Bank does not deal in Exchange Traded Interest Rate Derivatives. Hence the disclosure in respect of the same is not applicable.

(c) Disclosure on Risk exposure in derivatives

(d) Qualitative Disclosures

The Bank has very limited exposure to derivatives trading namely only through forward foreign exchange contracts.

1) The structure and organization for management of risk in derivatives trading:

Treasury operation is segregated into three different departments viz. front office, mid-office and back office. The primary role of front office is to conduct business, that of mid-office is to ensure compliance in accordance with set norms and policies and that of back office is to process/settle the transactions.

The Bank has in place policies and procedures, which have been approved by the Head Office, the Asset Liability Management Committee (ALCO) and the Management Committee (MANCOM) in India to ensure adherence to various risk parameters and prudential limits.

2) **The scope and nature of risk measurement, risk reporting and risk monitoring systems:**

a) **Risk Measurement:**

For forward foreign exchange contracts, risk is measured through a daily report called, Value at Risk (VaR), which computes VaR on the forex gaps using FEDAI VaR factors.

b) **Risk Reporting and Risk monitoring systems:**

The Bank has the following reports/systems in place, which are reviewed by the top management:

(i) Value at Risk (VaR)
(ii) Net open position
(iii) AGL/IGL
(iv) Stop loss limits
(v) Bankline limits

3) **Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:**

The Bank has the following policy papers in place, approved by its Head Office and the Management Committee (MANCOM) in India.

a) Treasury policy and
b) Asset – Liability Management (ALM) Policy

The Bank monitors the hedges/mitigants on a continuous basis through daily and monthly reports that are reviewed by the dealing room/top management.

4) **Accounting policy:** All outstanding derivative transactions are booked as Off Balance Sheet items. The trading positions are revalued on a Marked to Market basis whereas the hedging deals follow the accrual basis of accounting.

Quantitative Disclosure

(Rs. 000's)

Sr. No	Particulars	Currency swaps (Forward Foreign exchange contracts and Spot Contracts)	
		2016-17	**2015-16**
1	**Derivatives (Notional Principal Amount)**		
	a) For hedging	**2,918,250**	**11,157,342**
	b) For trading	**4,903,271**	**3,864,018**
2	**Marked to Market Positions (Net)**		
	a) Asset (+)	**22,558**	**15,732**
	b) Liability (-)	**(81,899)**	**(743)**
3	**Credit Exposure**	**178,989**	**316,159**
4	**Likely impact of one percentage change in interest rate (100*PV01)**	**Not Applicable**	**Not Applicable**
	a) on hedging derivatives		
	b) on trading derivatives		
5	**Maximum and Minimum of 100*PV01 observed during the year**	**Not Applicable**	**Not Applicable**
	a) on hedging		
	b) on trading		
6	**VaR on Fx-Forwards**		
	As at Balance Sheet date	**11,037**	**16,347**
	Maximum during the year	**22,015**	**21,852**
	Minimum during the year	**8,040**	**4,249**

36. **Employee Benefits**

The following table sets out the status of the defined benefit Gratuity Plan as required under Accounting Standard 15 (Revised 2005):

(Rs.000's)

Particulars	2016-17	2015-16
Change in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	**29,135**	**27,720**
Interest Cost	**2,287**	**2,195**
Current Service Cost	**4,897**	**3,830**
Losses/(Gains) on curtailment	–	–
Benefit Paid	**(1,211)**	**(4,930)**
Actuarial (Gain)/loss on obligations	**1,097**	**320**
Closing value of defined benefit obligation at the end of the year	**36,206**	29,135
Change in Plan Assets		
Opening Fair value of plan assets at the beginning of the year	**51,645**	**52,415**
Expected Return on plan assets	**4,054**	**4,151**
Contribution by Employer	**342**	–
Benefit Paid	**(1,211)**	**(4,930)**
Actuarial Gain/(loss) on plan assets – due to experience	**(269)**	**9**
Closing Fair value of plan assets at the end of the year	**54,561**	**51,645**

Reconciliation of present value of obligation and fair value of plan assets		
Present Value of Funded obligation at the end of the year	**(36,206)**	(29,135)
Fair Value of plan assets at the end of the year	**54,561**	51,645
Deficit/(Surplus)	**(18,356)**	(22,510)
Unrecognized Past Service Cost	–	–
Liability/(Asset) recognized in the Balance Sheet	**(18,356)**	(22,510)
Amount Recognized in the Balance sheet		
Liabilities	–	–
Assets	**(18,356)**	(22,510)
Net Liability/(Asset) recognized in Balance sheet	**(18,356)**	**(22,510)**
Net Cost recognized in the Profit and Loss Account	**2016-17**	**2015-16**
Current Service Cost	**4,897**	**3,830**
Interest Cost	**2,287**	2,195
Expected Return on Plan Assets	**(4,054)**	(4,151)
Net Actuarial (Gain)/Loss recognized in the year	**1,367**	311
Past Service Cost	–	–
Losses/(Gains) on curtailments and settlements	–	–
Expenses Recognized in the Profit and Loss Account	**(4,497)**	**(2,185)**
Reconciliation of expected return and actual return on Plan Assets		
Expected Return on Plan Assets	**4,054**	4,151
Actuarial Gain/(Loss) recognized in the year	**(269)**	9
Actual Return on Plan Assets	**3,785**	**4,160**
Movement in the Net Liability/Asset recognized in the Balance Sheet		
Opening Net Liability/(Asset) as at the beginning of the year	**(22,510)**	(24,695)
Expenses Recognized in the Profit and Loss Account	**4,497**	**2,185**
(Benefit paid directly by the employer)	–	–
Contributions	**(342)**	–
Closing Net Liability/(Asset) as at the end of the year	**(18,356)**	**(22,510)**
Investment under Plan Assets of Gratuity Fund as at year end are as follows :		
Category of Assets	**% of Plan Assets**	
	2016-17	**2015-16**
Cash and cash equivalent	**3.52%**	**2.61%**
Insurance Fund (with Life Insurance Corporation of India)	**90.98%**	**86.57%**
Others (Fixed deposit)	**5.50%**	**5.47%**
Total	**100.00%**	**100.00%**
Principal Actuarial assumptions :		
Discount Rate	**6.82%**	**7.85%**
Expected Rate of Return on Plan Asset	**6.82%**	**7.85%**
Salary Escalation	**10.00%**	**10.00%**
Attrition rate	**Service 4 years and below: 15% p.a and thereafter 5% p.a**	**Service 4 years and below: 15% p.a and thereafter 5% p.a**

The expected return on plan assets is determined based on the assumptions made by Bank at the beginning of the year based on its existing portfolio.

Experience adjustment	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**
Defined benefit obligation	**36,205**	29,135	27,720	22,754	57,208
Plan assets	**51,645**	51,645	52,415	52,877	60,379
(Surplus)/Deficit	**(18,356)**	(22,510)	(24,695)	(30,123)	(3,171)
Experience adjustment on plan liabilities – Gain/(Loss)	**1,710**	(161)	(2,166)	15,116	499
Experience adjustment on plan assets – Gain/(Loss)	**(269)**	9	(183)	(789)	77

Compensated Absences:	**2016-17**	**2015-16**
The actuarial liability of compensated absences of encashable accumulated privilege leave as at year end is	586	1,745

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment Market. Such estimates are long term and are not based on limited past experience/immediate future.

Provident Fund:

The Bank has contributed an amount of **Rs. 8,928 thousand** to the provident fund during the year. (Previous Year: Rs. 8,072 thousand)

Unamortized Pension and Gratuity Liabilities:

There are no unamortized pension and gratuity liabilities and hence no disclosure is made in this respect

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بنك أبوظبي التجاري ADCB

37. Related Party Disclosures

In terms of AS 18 on ' Related Party Disclosures' and the related guidelines issued by RBI, the details pertaining to Related Parties are as under:

Ultimate Parent: Government of Abu Dhabi through Abu Dhabi Investment Council

Parent: Abu Dhabi Commercial Bank P.J.S.C., Abu Dhabi - Head office.

Subsidiaries of Head Office: Abu Dhabi Commercial Properties L.L.C., Abu Dhabi Commercial Engineering Services L.L.C., ADCB Markets (Cayman) Limited, ADCB Holdings (Labuan) Limited, ADCB Holdings (Malaysia) SdnBhd, ADCB Finance (Cayman) Limited, Abu Dhabi Commercial Islamic Finance Pvt.J.S.C., Abu Dhabi Commercial Property Development L.L.C., Abu Dhabi Commercial Properties Consultancy L.L.C. , Abu Dhabi Commercial Finance Solutions L.L.C., Abu Dhabi Commercial Investment Services L.L.C., Abu Dhabi Commercial Bank UK Limited, Kinetic Infrastructure Development L.L.C., ADCB Fund Management S.A.R.L., ACB LTIP (IOM) Limited, AD NAC Venture W.L.L, ITMAM Services L.L.C, Abu Dhabi Commercial Enterprises L.L.C, ITMAM Services FZ-L.L.C, ADCB Islamic Finance (Cayman) Limited, ADCB Securities LLC, Omicron Capital (Cayman) Limited.

Key Managerial Person: Mr. Darayus P. Bajan (CEO, India) w.e.f. 7 November, 2016

Related parties are identified by the Management and relied upon by the auditors.

Transactions with Related Parties:

In terms of the RBI circular guidelines regarding disclosure of related party transactions where there is only one entity in any category of related parties, particulars of such transactions have not been disclosed. There have been no transactions with subsidiaries of Head Office.

(Rs. '000's)

Items/ Related Party	Parent (as per ownership or control)	Subsidiaries	Associates / Joint Ventures	Key Management personnel @	Relatives of Key Management Personnel	Total
Borrowings	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Deposit	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Placements of deposits	**42,151,594**	–	–	–	–	**42,151,594**
	(1,977,350)	(–)	(–)	(–)	(–)	(1,977,350)
Interest Paid	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Interest Received	**917**	–	–	–	–	**917**
	(29)	**(–)**	**(–)**	**(–)**	**(–)**	**(29)**
Receiving of services	–	–	–	^ –	–	–
	(–)	(–)	(–)	(–)	(–)	(–)

Note: Where there is only one entity in any category of related party, bank has not disclosed any details pertaining to that related party other than the relationship with that related party

(@) Whole time directors of the Board and CEOs of the branches of foreign bank in India.

(^) As there was only one KMP during the previous year, the disclosure is not made.

The maximum and minimum amount of funds borrowed/lent from/to the Head Office are as under:

(Rs. '000's)

Particulars	Maximum during the year	Minimum during the year	Outstanding as on 31.03.2017
Borrowed from ADCB HO	**NIL**	**NIL**	**NIL**
	(NIL)	(NIL)	(NIL)
Lent to ADCB HO	**2,259,300**	**198,495**	**NIL**
	(1,068,560)	(273,340)	(NIL)

Note: Previous year figures are in brackets.

38. There is no impairment of assets and as such there is no provision required in terms of AS–28 "Impairment of Assets" issued by the ICAI.

39. The major components of deferred tax asset and liability are as under:

(Rs. '000's)

Deferred Tax Asset	**2016–17**	**2015–16**
Ex Gratia and Leave encashment	**4,580**	3,999
Provision for Non-Performing Assets	**81,120**	88,950
Provision for Standard Asset	**31,084***	25,675
Provision for Country Risk	**2,683***	1,860
Others	**21,047**	18,314
Total	**140,514**	**138,798**
Deferred Tax Liability		
Unearned LC	**29**	–
Depreciation	**14,133**	13,980
Total	**14,162**	**13,980**
Net Deferred Tax Asset/(Liability)	**126,352**	**124,818**

* For creating deferred tax asset on standard asset provision the Bank analyzes the loan book of last two years for arriving stable loan book size for considering the same as permanent difference. Since last two years, loan book has grown considerable and has not fallen below Rs. 5,000,000. In light of the same the Bank has considered this as a permanent difference and has not created deferred tax asset on Rs. 20,000 (Rs. 5,000,000 * 0.4%). Based on a similar logic for country risk provision, the Bank has treated Rs. 3,000 as permanent difference and has not created deferred tax asset on the same.

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40. Segment Reporting

Based on the RBI guidelines, the Bank has identified/classified its entire operations into following primary segments:

1. Treasury Operations 2. Corporate/Wholesale Banking 3. Retail Banking

Treasury operations consist of entire investment portfolio and foreign exchange operations. Corporate/Wholesale Banking operations comprise lending activity including trade finance to borrowers other than those in retail operations. Retail Banking operations comprise of depository activities, portfolio investment activities, lending activity to individuals and small and medium sized enterprises as also mobilization of deposits. The Bank does not have any other banking operation. All items which cannot be allocated under any of the above are classified as Unallocated. Entire FX related revenues and costs both hedging and trading are allocated to Treasury as they are undertaken by Treasury to manage Balance Sheet as well as earn income.

The Bank operates only in domestic segment and hence information with regard to geographical segments is not given.

Information about Primary Business Segments is as under:

Part A: Business segments

2016-17 (Rs. 000's)

Business Segments /Particulars	Treasury Operations	Corporate/ Wholesale Banking	Retail Banking	Total
Segment Revenue	**970,819**	**1,264,191**	**1,022,397**	**3,257,407**
Add/(Less): Inter-segment				**(1,009,521)**
Revenue net of Inter-segment				**2,247,886**
Segment Results	**139,727**	**245,543**	**210,026**	**595,296**
Unallocated expenses				**(290,368)**
Operating Profit				**304,928**
Income Tax including deferred tax				**(146,473)**
Extraordinary Profit /(Loss)				
Net Profit				**158,455**
Other Information:				
Segment Assets	**11,142,275**	**23,093,652**	**32,939**	**34,268,866**
Unallocated assets				**482,577**
Total Assets				**34,751,443**
Segment Liabilities	**2,366,287**	**19,012,232**	**9,423,592**	**30,802,111**
Unallocated liabilities				**104,034**
Total Liabilities				**30,906,145**

2015-16 (Rs. 000's)

Business Segments /Particulars	Treasury Operations	Corporate/ Wholesale Banking	Retail Banking	Total
Segment Revenue	795,576	1,259,424	1,334,610	**3,389,610**
Add/(Less): Inter-segment				**(1,321,240)**
Revenue net of Inter-segment				**2,068,370**
Segment Results	188,688	233,361	145,004	**567,053**
Unallocated expenses				**(278,117)**
Operating Profit				288,936
Income Tax including deferred tax				**(116,772)**
Extraordinary Profit /(Loss)				
Net Profit				**172,164**
Other Information				
Segment Assets	5,424,519	19,938,482	47,256	**25,410,257**
Unallocated assets				**1,520,614**
Total Assets				**26,930,871**
Segment Liabilities	1,780,465	2,067,118	19,289,160	**23,136,743**
Unallocated liabilities				**107,285**
Total Liabilities				**23,244,028**

Notes on Segment Reporting

1) The bank has three main lines of business – Treasury, Corporate Banking and Retail Banking

2) The Treasury Department is responsible for the entire Balance Sheet Management and managing the Asset-Liability mismatch for the bank.

3) The funds are transfer priced by Treasury department to the Corporate and Retail Banking departments at adjusted weighted average cost of the funds, accordingly inter segment results is computed for respective segments.

In allocation of some items of expenses/income and asset/liabilities, certain estimates and assumptions have been made by the management, which has been relied upon by the auditors.

41. Letters of Comfort

The Bank has not issued any Letters of Comfort during the year and there are no Letters of Comfort outstanding as at the year end. (Previous Year: Nil)

42. Description of Contingent liability in Schedule 12

42.1 Claims against the Bank not acknowledged as debt:

The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash outflow. The Bank has deposited Rs. 79,477 thousand (pertaining to period October 2009 to March 2015) under protest towards service tax on head office expenditure.

42.2 Liability on account of outstanding forward exchange contracts (including Spot contracts):

The Bank enters into spot contracts with interbank participants to cover open position arising on account of transactions undertaken with the banks and customers. The Bank enters into forward exchange contract with inter-bank participants on its own account and for its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts of financial instruments such as forward exchange contracts provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms.

42.3 Guarantees given on behalf of constituents, Acceptances, Endorsements and other obligations:

As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

42.4 Other items for which Bank is contingently liable:

The Bank is in dispute for various taxation matters for which appeals are pending. In Bank's view, based on various appellate decisions on identical issues, it is not probable that financial outflow in respect of the said amounts under settlement will be required. This also includes contingent liability corresponding to amount transferred to Depositor Education and Awareness Fund.

43. Disclosure on Remuneration

Qualitative Disclosures	
(a) Information relating to the composition and mandate of the Remuneration Committee.	• ADCB India is a branch of ADCB PJSC. There is no separate remuneration committee in India. The annual review of remuneration of India staff is approved at Head Office, under the supervision of ADCB's Board Nomination, Compensation and HR Committee and in consultation with CEO - ADCB, Head Rewards - ADCB, Head of WGB - ADCB, CEO - ADCB, India and HR, India.
(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	• The Bank in India follows an annual appraisal cycle and remuneration to employees are split into fixed and variable (including shares of ADCB HO) depending on job requirements and is also linked to corporate and personal performance.
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	• ADCB has practices and policies in place which promote effective risk-management. The Bank aligns employee's performance to the Bank's strategy.
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	• Fixed and variable pay rewards are designed to be performance target based and aligned with shareholders' interests. Performance of all staff is appraised on an annual basis. • Fixed Compensation – all employees are eligible for fixed compensation. The broad components of fixed pay are Basic, House Rent Allowance (HRA), Special Allowance, Conveyance, Medical, Leave Travel Allowance Provident Fund, Gratuity etc. • Variable compensation – Variable pay largely depends upon performance of the employee, performance of the bank in India as well as the performance of the Bank globally. The variable pay is generally paid to all employees if their performance is rated satisfactory or above. Part of the variable pay by way of grant of shares of ADCB HO to select employees are deferred and vest after three to four years. • ADCB seeks to ensure that remuneration packages reflect duties and responsibilities and rewards are linked to corporate and personal performance.

(e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	• As per the current structure – employee's compensation consists of fixed, variable for employees and additionally deferred shares (of ADCB PJSC, HO) for some select employees. These shares are granted at no cost to the employee and vests entirely over a period of three to four years. In case of cessations of employment, due to resignation, dismissal or for any other reason, the unvested deferred shares will be considered as forfeited at the point that notice of cessation of employment is given.$
(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	• Presently variable pay is mainly in the form of Cash Awards. Additionally, to ensure long term retention of select employees, some of them are granted shares of ADCB PJSC, HO which vest entirely after three to four years.

Quantitative Disclosures	**2016-17**	**2015-16**
(g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	NA	NA
(h) (i) Number of employees having received a variable remuneration award during the financial year.	9*	10*
(ii) Number and total amount of sign-on awards made during financial year.	NIL	NIL
(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus#	NIL	NIL
(iv) Details of severance pay, in addition to accrued benefits, if any#	NIL	NIL
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	**Shares of ADCB PJSC HO– (valued at the award price): Rs. 15,410 (For total Count 9 of which Count for Risk Takers is 6**	Shares of ADCB PJSC HO– (valued at the award price): Rs.7,171 For total Count 10 of which Count for Risk Takers is 5
(ii) Total amount of deferred remuneration paid out in financial year.	**NIL**	NIL
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	**Fixed Pay# : Rs.51,813 (Count 10)** **Variable Pay : Rs. 8,698 (Count : 9)** **Shares of ADCB PJSC HO– (valued at the award price): Rs. 8,782 (For total Count 9 of which Count for Risk Takers is 6)**	Fixed Pay : Rs. 51,491 (Count 11) Variable Pay : Rs. 9,982 (Count : 10) Shares of ADCB PJSC HO– (valued at the award price): Rs. 7,171 For total Count 10 of which Count for Risk Takers is 5
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	NIL	NIL
(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL	NIL
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL	NIL

\# Fixed pay for employees includes Basic Salary, House Rent Allowance, Supplementary Allowances, Co contribution to provident fund and other amounts paid during the financial year 2016-2017

* Includes all Treasury employees and other business employees for grades E2, E3 and E4.

$ FY 2015-16 was the first year in which shares were allotted and no shares have vested in the years FY 2015-16 or FY 2016-17.

44. Data on amounts transferred to Depositors Education Awareness Fund (DEAF)

(Rs. 000's)

	2016-17	**2015-16**
Opening balance of amounts transferred to DEAF	**12,531**	11,868
Add: Amounts transferred to DEAF during the year	**1,131**	663
Less: Amounts reimbursed by DEAF towards claims	**134**	–
Closing balance of amounts transferred to DEAF	**13,528**	12,531

The amount transferred to DEAF is also shown as contingent liability under Schedule 12.

45. Intra Group Exposure

The intra group exposure comprises of Bank's transactions and exposures to the entities belonging to the Bank's own group (group entities). The Bank's exposure to its head office and overseas branches of the parent bank, except for proprietary derivative transaction undertaken with them, are excluded from Intra group exposure.

- Total amount of intra-group exposures – Nil (Previous year- Nil)
- Total amount of top-20 intra-group exposures – Nil (Previous year- Nil)
- Percentage of intra-group exposures to total exposure of the bank on borrowers/customers – 0% (Previous year - 0%)
- Details of breach of limits on intra-group exposures and regulatory action thereon, if any - Not applicable (Previous year – Not applicable)

46. Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

To the extent of the information received by the Bank from its vendors, there are no transactions with "suppliers" as defined under the Micro, Small and Medium Enterprises Development Act, 2006 during the financial year, hence the disclosures as required under the said Act are not applicable. This has been relied upon by the Auditors.

47. Disclosure for CSR

47.1 Gross amount required to be spent by the Bank during the year is Rs. 4,532 thousand (Previous year: Rs. 4,790 thousand) as under: Rs. 2,032 thousand was given to Akshay Patra Foundation. – (Previous Year: Rs.4,790 thousand) Rs. 2,500 thousand was given to Tata Memorial Hospital. – (Previous Year: Nil)

47.2 Amount spent during the year on:

(Rs. '000's)

Sr. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/ Acquisition of any asset	–	–	–
		(–)	(–)	(–)
(ii)	On purposes other than (i) above	4,532	–	4,532
		(4,790)	–	(4,790)

43 Divergence in Asset Classification and Provisioning for NPAs

There has been no divergence in asset classification and provisioning for NPAs as reported by the Bank as per RBI circular DBR/ BP.BC. NO. 63/ 21.04.018/2016-17 DATED APRIL 18, 2017.

44 Disclosure on Specified Bank Notes (SBNs)

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

45 Transfer Pricing

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The management is of the opinion that international transactions are at arm's length so that the above legislation will not have material impact on the financial statements, particularly on the amount of tax expense and that of provision of taxes.

46 Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year's presentation.

47 All the figures are in Rs. 000's unless mentioned otherwise.

As per our attached report

For and on behalf of

C N K & Associates LLP
Chartered Accountants
Firm Reg. No: 101961W/W-100036

Sd/-
Manish Sampat
Partner
Membership No. 101684

Date: June 28, 2017
Place: Mumbai

Signatures to Schedules 1 to 18

ABU DHABI COMMERCIAL BANK PJSC - INDIA BRANCHES

Sd/-
Darayus P. Bajan
Chief Executive Officer – India