Placement Document
Serial Number:
Strictly Confidential

Indian Overseas Bank

Indian Overseas Bank was incorporated on November 20, 1936 under Indian Companies Act, 1913 and was nationalized on July 19, 1969 under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970)

Indian Overseas Bank (the "**Bank**") is issuing 91,748,448 Equity Shares (as defined below) of face value of ₹10 at a price of ₹28.55 per Equity Share (the "Issue Price"), including a premium of ₹18.55 per Equity Share, aggregating to ₹261.94crore (the "**Issue**").

ISSUE IN ACCORDANCEWITH CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS"), AS AMENDED AND THE RULES MADE THEREUNDER

THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIB") AS DEFINED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "ICDR REGULATIONS") IN ACCORDANCE WITH CHAPTER VIII OF THE ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBs. THIS PLACEMENT DOCUMENT WILL BE CIRULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES OFFERED IN THE ISSUE.

YOU ARE NOT AUTHORISED TO AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISMENT OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY AND EQUITY-RELATED SECURITIES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY AMOUNT IN THE ISSUE UNLESS THEY ARE PREPARED TO BEAR THE RISK OF LOSING ANY PART OR ALL OF THE AMOUNT INVESTED BY THEM. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT.

The equity shares of the Bank of face value of ₹10 each (the "**Equity Shares**") are listed on the National Stock Exchange of India Limited (the "**NSE**") and BSE Limited (the "**BSE**", together with the NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the NSE and the BSE on May 16 was ₹29.25 and ₹29.30 per Equity Share, respectively. In-principle approvals under clause 28 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("***SEBI LODR Regulations***") for listing of the Equity Shares have been received from the NSE and the BSE on May 17, 2016. Applications shall be made for obtaining the listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of the Bank or of the Equity Shares.

THE BANK HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

A copy of the Preliminary Placement Document has been delivered to the Stock Exchanges. A copy of this Placement Document shall also be delivered to the Stock Exchanges. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined below). The Preliminary Placement Document has not been and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. This Placement Document has been prepared by the Bank solely for providing information in connection with the Issue.

Invitations, offers and sales of the Equity Shares shall only be made pursuant to the Preliminary Placement Document together with the respective Application Form (defined hereinafter) and the CAN (as defined hereinafter). The distribution of the Preliminary Placement Document or the disclosure of its contents to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document. See "Issue Procedure". The information contained in this Placement Document is not complete and may be changed. The information on our Bank's website or any website directly or indirectly linked to our Bank's website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions" (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. For further details, see "*Selling Restrictions*" and "*Transfer Restrictions*" on page 137 and 141 of this Placement Document.

The information on the Bank's website or any website directly or indirectly linked to the Bank's website does not constitute nor should form part of this Placement Document and prospective investors not rely on such information contained in, or available through, any such websites.

This Placement Document is dated May 17, 2016.

BOOK RUNNING LEAD MANAGERS	
MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED	**SBI CAPITAL MARKETS LIMITED**

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NOTICE TO INVESTORS

The Bank has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to its best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to the Bank and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to the Bank and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to the Bank and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to the Bank. There are no other facts in relation to the Bank and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, the Bank has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Managers have not separately verified the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of the Bank and the merits and risks involved in investing in the Equity Shares issued pursuant to this Issue.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the Bank or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares issued pursuant to the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and unless so registered may not be offered or sold within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described in the section "*Transfer Restrictions*" on page 141. Subscriber of the Equity Shares will be deemed to make the representations set forth in the sections "*Representations by Investors*" and "*Transfer Restrictions*" on page 5 and 141, respectively.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of the Bank to any person, other than Eligible QIBs specified by the Book Running Lead Managers or their representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Bank and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither the Bank nor the Book Running Lead Managers are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations. **Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Bank under Indian law, including Chapter VIII of the ICDR Regulations, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities or otherwise accessing the capital markets in India including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from the Bank and review information relating to the Bank and the Equity Shares**.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on the Bank's website, www.iob.in, any website directly or indirectly linked to the website of the Bank or on the website of the Book Running Lead Managers, does not constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the prospective investors in the Issue.

By Bidding for and subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Bank and the Book Running Lead Managers, as follows:

- You are a QIB as defined in Regulation 2(1)(zd) of the ICDR Regulations and not excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the ICDR Regulations and undertake to comply with the ICDR Regulations, and all other applicable laws, including any reporting obligations;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You have made, or are deemed to have made, as applicable, the representations set forth under sections "*Selling Restrictions*" and "*Transfer Restrictions*" on page 137 and 141, respectively;

- You are aware that the Equity Shares have not been and will not be registered through a prospectus under the ICDR Regulations or under any other law in force in India. This Placement Document have not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have the necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorizations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honor such obligations;

- Neither the Bank nor any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of any of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Bank or its agents (the "**Bank Presentations**") with regard to the Bank or the Issue; or (ii) if you have participated in or attended any Bank Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that the Bank or its agents may have made at such Bank Presentations and are therefore unable to determine whether the information provided to you at such Bank Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Bank Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information relating to the Bank and the Issue that was not publicly available;

- You are, at the time the Equity Shares are purchased, located outside of the United States (within the meaning of Regulation S) and you are not an affiliate of the Company or a person acting on behalf of such an affiliate;

- You are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- All statements other than statements of historical facts included in this Placement Document, including, without limitation, those regarding the Bank's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Bank's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Bank's present and future business strategies and environment in which the Bank will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. The Bank assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, the Bank shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Placement Document and have read it in its entirety, including in particular, the section "*Risk Factors*" on page 28;

- In making your investment decision, you have (i) relied on your own examination of the Bank and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of the Bank, the Equity Shares and the terms of the Issue based solely on the information contained in this Placement Document and no other disclosure or representation by the Bank or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in this Placement Document and no other disclosure or representation by the Bank or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Bank and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against the Bank or any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to the Bank and/or any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by the Bank of any of its respective obligations or any breach of any representations and warranties by the Bank, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the ICDR Regulations) of the Bank or any of its affiliates and are not a person related to the promoter, either directly or indirectly and your Bid does not directly or indirectly represent the 'promoter', or 'promoter group', (as defined under the ICDR Regulations) of the Bank;

- You have no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board of Directors of the Bank other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the promoter;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to apply and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation, including but not limited to the Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and in the event of your holding of our Equity Shares reaches any applicable limits as may be prescribed you will make the appropriate disclosures and obtain the necessary permissions in this regard form the relevant Authorities/ RBI;

- The Bid made by you would not result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "Takeover Regulations");

- To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue. For the purposes of this representation:

  The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You acknowledge, represent and agree that your total interest in the paid-up share capital of the Bank or voting rights in the Bank, whether direct or indirect, beneficial or otherwise (any such interest, your "Holding"), when aggregated together with any existing Holding and/or Holding of any of your "relatives" or "associated enterprises" or person acting in concert, does not exceed 5.00% of the total paid-up share capital of, or voting rights in, the Bank. Except in case you are an existing shareholder who already holds 5.00% or more of the underlying paid up share capital of, or voting rights, in the Bank pursuant to the acknowledgment, your Holding after allotment shall not exceed your existing Holding without the previous approval of the RBI;

- You are aware that (i) applications for in-principle approval, in terms of SEBI LODR Regulations for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. The Bank shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a placement agreement with the Bank whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use their reasonable efforts as agents of the Bank to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of this Placement Document are exclusively the responsibility of the Bank, and neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of the Bank and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or the Bank or any of their respective affiliates or any other person, and neither the Book Running Lead Managers nor the Bank nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding the Bank's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Bank's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Bank's present and future business strategies and environment in which the Bank will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. The Bank assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the same shall be on a discretionary basis;

- Neither the Book Running Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against the Bank or any of the Book Running Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You understand that the Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non- performance by us or any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You understand that the Equity Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold, subject to certain exceptions, within the United States, except in reliance on an exemption from the registration requirements of the Securities Act and applicable US state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Chennai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold the Bank and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts; and

- The Bank, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given by you to the Book Running Lead Managers on its own behalf and on behalf of the Bank, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations (as defined below), FPIs (other than Category III foreign portfolio investors and unregulated broad based funds, which are classified as Category II FPI by virtue of their investment manager being appropriately regulated) may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying, and all such offshore derivative instruments are referred to herein as "P-Notes"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with 'know your client' requirements. An FPI shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of the Bank and do not constitute any obligation of, claims on or interests in the Bank. The Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Bank. The Bank and the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

a) warrant, certify or endorse the correctness or completeness of the contents of this Placement Document;

b) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

c) take any responsibility for the financial or other soundness of the Bank, its promoter, its management or any scheme or project of the Bank;

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CURRENCY OF PRESENTATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to the 'Bank', 'Issuer', 'we', 'us' or 'our' are to Indian Overseas Bank.

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'Rs.', 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GOI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100 thousand" and the word "million" means "10 lakh" and the word "crore" means "10 million" or "100 lakh" and the word "billion" means "1,000 million" or "100 crore".

The financial year of the Bank commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'Fiscal Year' or 'fiscal' or 'FY' are to the twelve-month period ended on March 31 of that year. The audited standalone financial statements of the Bank as of and for the Fiscal Years ended March 31, 2015, 2014 and 2013, and limited review as at December 31, 2015 each prepared in accordance with Indian GAAP are included in this Placement Document in the section "*Financial Statements*" on page F-1.

The Bank publishes its financial statements in Indian Rupees. The financial statements of the Bank included herein have been prepared in accordance with Indian GAAP as applicable to banks in India. Unless the context otherwise requires, all financial data in this Placement Document are derived from the Bank's standalone financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards (the "IFRS"). Further we have not yet adopted the Indian Accounting Standards Rules notified on 16 February, 2015, ("INDAS 2015") We have not attempted to quantify the impact of INDAS 2015. or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements, to those of INDAS 2015, or IFRS. Each of INDAS 2015, and IFRS differs in significant respects from Indian GAAP. See the section "Risk Factors – *The effects of the planned convergence with, the Indian Accounting Standards Rules issued under Notification on February 16, 2015, are uncertain...*" beginning on page 28. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP, included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise statistical information included in this Placement Document pertaining to the various sectors in which we operate has been reproduced from trade, industry and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates.

Neither we nor the Book Running Lead Managers have independently verified this data, nor do we or the Book Running Lead Managers make any representation regarding the accuracy of such data. Similarly, while the Bank believes that its internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the Book Running Lead Managers can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Bank are also forward looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Bank's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by the Bank or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Bank that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of the Bank to be materially different from any of the forward-looking statements include, among others:

- slowdown in economic growth in India;
- our inability to manage growth;
- increase in the level of non-performing assets in our portfolio;
- our inability to foreclose on collateral in a timely fashion or at all when borrowers default; and
- material changes in Indian banking regulations.

Additional factors that could cause actual results, performance or achievements of the Bank to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 28, 92, 98 and 53, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of the Bank. Although the Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither the Bank nor the Book Running Lead Managers undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of the Bank's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Bank are expressly qualified in their entirety by reference to these cautionary statements.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹per US$), for or as of the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹per US Dollar)

Period	Period End	Average*	High*	Low*
Fiscal				
2016	66.33	65.46	68.78	62.16
2015	62.59	61.15	63.75	58.43
2014	60.10	60.50	68.36	53.74
2013	54.39	54.45	57.22	50.56
Month Ended				
March 31, 2016	66.33	67.02	68.16	66.33
February 29, 2016	68.62	68.24	68.78	67.64
January 31, 2016	67.88	67.25	68.09	66.18
December 31, 2016	66.33	66.60	67.04	66.13
November 30, 2016	66.81	66.12	66.81	65.45
October 31, 2016	65.22	65.06	65.55	64.73
September 30, 2016	65.74	66.22	66.74	65.63

Source: www.rbi.org.in
**Note: High, low and average are based on the RBI reference rates*

Although the Bank has translated selected Indian rupee amounts in this Placement Document into U.S. dollars for convenience, this does not mean that the Indian rupee amounts referred to could have been, or could be, converted to U.S. dollars at any particular rate or, the rates stated above, or at all. There are certain restrictions on the conversion of Indian rupees into U.S. dollars. The exchange rate on May 16, 2016 was ₹66.8216 per US$ 1.

GLOSSARY OF TERMS / ABBREVIATIONS

The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

The terms defined in this Placement Document shall have the meaning set forth in this section and unless the context otherwise implies, references to any statute or regulations or policies shall include amendments thereto, from time to time.

Bank Related Terms

Term	Description
Auditors/ Statutory Auditors/Joint Statutory Auditors	The statutory auditor of our Bank, being M/s Vardhman & Co., M/s ASA & Associates, M/s A. V. Deven & Co., M/s Haribhakti & Co., LL. P, M/s. Talati & Talati
Board/Board of Directors/our Board	The board of directors of our Bank.
Bank/IOB/the Issuer/our Bank/the Bank/the/ we/us/our	Indian Overseas Bank having its central office at 763, Anna Salai Chennai and branches, regional offices at various places
Central/Registered Office	Indian Overseas Bank, 763 Anna Salai, Chennai- 600 002
Director(s)	The director(s) on our Board.
MD& CEO	Managing Director and Chief Executive Officer of the Bank
Memorandum or Memorandum of Association	Memorandum of association of the Bank, as amended from time to time
EDs	Executive Directors of the Bank
Equity Shares	Equity Shares of the Bank having a face value of ₹10each
Promoter	President of India, acting through the Ministry of Finance, Government of India.

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares following the determination of the Issue Price to Eligible QIBs on the basis of the Application Form submitted by them, by the Bank in consultation with the Book Running Lead Managers and in compliance with Chapter VIII of the ICDR Regulations
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Equity Shares to be issued pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) pursuant to which an Eligible QIB shall submit a Bid for the Equity Shares in the Issue
Bid(s)	Indication of interest of an Eligible QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares
Bid/Issue Closing Date	May 20, 2016, which is the last date up to which the Application Forms shall be accepted
Bid/Issue Opening Date	May 17, 2016
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids
Bidder	Any prospective investor, an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Book Running Book Running Lead Managers	Book running lead managers to the Issue, namely Motilal Oswal Investment Advisors Private Limited and SBI Capital Markets Limited
CAN or Confirmation of Allocation Note	Note or advice to Eligible QIBs confirming Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such Eligible QIBs
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about May 23, 2016
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by the Bank in consultation with the Book Running Lead Managers
Designated Date	The date of credit of Equity Shares to the Eligible QIB’s demat account, as applicable to the respective Eligible QIBs

Term	Description
Eligible QIB	QIBs, as defined in regulation 2(1)(zd) of the ICDR Regulations which are not, (a) excluded pursuant to regulation 86 of the ICDR Regulations, (b) registered FPIs, FIIs, FVCIs, bilateral and multilateral financial institutions or any other QIB that is a Non-Resident or (c) 'owned' or 'controlled' by Non-Residents/persons resident outside India, as defined under FEMA, except as specifically set forth in this Placement Document who are outside of the United States acquiring Equity Shares in an offshore transaction in reliance on Regulation S
Escrow Agent	Indian Overseas Bank
Escrow Account	The account entitled "**IOB – QIP Escrow Account**" with regard to any money received towards the subscription of the Equity Shares, opened with the Escrow Agent, subject to the terms of the Escrow Agreement
Escrow Agreement	Agreement dated May 17, 2016, entered into amongst the Bank, the Escrow Agent and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	The floor price of ₹30.05 which has been calculated in accordance with Chapter VIII of the ICDR Regulations. In terms of the ICDR Regulations, the Issue Price cannot be lower than the Floor Price. The Bank may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the ICDR Regulations
Issue	The offer, issue and Allotment of 91,748,448 Equity Shares to Eligible QIBs pursuant to Chapter VIII of the ICDR Regulations
Issue Price	₹28.55 per Equity Share
Issue Size	The issue of 91,748,448 Equity Shares aggregating approximately ₹261.94 crore
Listing Agreement(s)	The agreement(s) entered into between the Bank and the Stock Exchanges in relation to listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10.00% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Pay-in Date	The last date specified in the CAN for payment of application monies by the Eligible QIBs
Placement Agreement	Agreement dated May 17, 2016 entered into amongst the Bank and the Book Running Lead Managers
Placement Document	This placement document dated May 20, 2016 issued by the Bank in accordance with Chapter VIII of the ICDR Regulations
Preliminary Placement Document	The preliminary placement document dated May 17, 2016 issued in accordance with Chapter VIII of the ICDR Regulations
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the ICDR Regulations or such other persons as maybe permitted by applicable laws to acquire the Equity Shares to be issued pursuant to the Issue
QIP	Qualified institutions placement under Chapter VIII of the ICDR Regulations
Relevant Date	May 17, 2016, which is the date on which the Managing Director and CEO of the Bank, pursuant to the powers vested in him by the Shareholders and the Board of Directors, decided to open the Issue.

Industry Related Terms

Term	Description
Additional Tier I capital	Comprises of Innovative perpetual debt instruments and perpetual non-cumulative preference shares eligible for inclusion in Tier I Capital as prescribed in extant RBI guidelines.
AFS	"Available for sale"; the category of all securities other than those held for trading and held to maturity
ALCO	Asset Liability Committee
ALM	Asset and liability management
AML	Anti-money laundering
ANBC	Adjusted net bank credit
ATMs	Automated teller machines
Banking Companies Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended

Term	Description
Banking Regulation Act	The Banking Regulation Act, 1949, as amended
Basel Committee	Basel Committee on Banking Supervision
Basel II	Revised framework on "International Convergence of Capital Measurement and Capital Standards" by RBI for International Settlements
Basel III	A global regulatory framework for more resilient banks and banking systems (December 2010 (rev. June 2011)) published by the Bank for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised as per notification issued by the RBI on March 27, 2014
BB	Branch banking advances such as SME clients, small business and retail advances
BCAs	Banking correspondent agents
BCBS	Basel Committee on Banking Supervision
BHC	Bank Holding Company
BPLR	The benchmark prime lending rate, based on cost of funds, cost of business operations, provisions and yield curve expectations
Branch Business Banking	Business banking
Branch Retail Banking	Retail banking
BSMG	Balance Sheet Management Group
C&IB	Large corporate advances
CAD	Current account deficit
CAGR	Compounded annual growth rate (calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered)
CAP	Corrective Action Plan
CAR	Capital adequacy ratio
CASA	Current Accounts and Saving Accounts
CB	Mid-corporate advances such as commercial banking clients
CBLO	Collateralized borrowing and lending obligation
CCB	Capital conservation buffer
CDP	Carbon disclosure project
CET I	Common Equity Tier I
CET I capital	Common equity is recognized as the highest quality component of capital and is the primary form of funding which ensures that a bank remains solvent. It is comprised of paid-up equity capital, share premium, statutory reserves, capital reserves (representing surplus arising out of sale proceeds of assets), other disclosed free reserves, if any and eligible balance in profit and loss account as reduced by regulatory adjustments/ deductions applied in the calculation of the common equity tier I capital as prescribed in extant RBI guidelines.
CRAR	Capital to risk-weighted asset ratio
CRR	Cash reserve ratio
Current accounts	Demand deposits
Documentary credit	Acceptance, endorsements and other obligations
FASAR	Food and Agribusiness Strategic Advisory and Research team
FHC	Financial Holding Company
FSLRC	Financial Sector Legislative Reforms Commission
General provision	Contingent provisions against standard assets
GRM	Government Relationship Management
HFT	"Held for Trading"; the category of securities that are held principally for resale within a short period
HTM	"Held to Maturity"; the category of investments not exceeding a prescribed percentage of a bank's total investments which it intends to hold until maturity
IBD	International Banking
ICAAP	Internal Capital Adequacy Assessment Process
IFI	Indian Financials Institution
IMPS	Interbank mobile payment service
Interest expense	Interest expended
Interest income	Interest earned
IT	Information technology
JLF	Joint Lenders' Forum
KYC	Know your customer
LAF	Liquidity adjustment facility

Term	Description
LAP	Loans against property
LAS	Loans against shares
LC	Letter of credit
LCR	Liquidity coverage ratio
LER	Loan equivalent risk
LIBOR	London interbank offered rate
MIS	Management information system
MSF	Marginal standing facility
MSMEs	Micro, small and medium-sized enterprises
NABARD	National Bank for Agricultural and Rural Development
NBFC	Non-banking financial company registered with the RBI
NBFC – MFI	Non-Banking Financial Company – Micro Finance Institution
NDTL	Net demand and time liabilities
Net interest income	Interest income/earned less interest expense/expended
NOCs	National operating centers
NOFHC	Non-Operative Financial Holding Company
Non-SLR investments	Investments that do not qualify towards the statutory liquidity ratio requirements of RBI
NPA	Non-performing asset
NRE	Non-Resident (External)
NRO	Non-Resident Ordinary
NSFR	Net stable funding ratio
PCR	Provision coverage ratio i.e. specific provision for NPA divided by gross NPA (as per RBI Circular dated April 21, 2011)
PM	Process management
PSL	Priority sector loan
RBI Basel III Capital Regulations	The Guidelines on Implementation of Basel III Capital Regulations in India issued by RBI on May 2, 2012
Repo Rate	Re-purchase option rate; the annual rate at which RBI lends to other banks in India
Reverse Repo Rate	The rate at which RBI borrows money from banks in India
RIDF	Rural Infrastructure Development Fund
ROA	Return on average assets
ROE	Return on average networth
SARFAESI Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
Savings accounts	Savings bank deposits
Shareholders fund	Capital and Reserves and surplus
SIP	Systematic investment plan of mutual funds
SLI	Sustainable Livelihood Initiative
SLR	Statutory liquidity ratio (as per requirements of the RBI)
SME	Small and medium enterprises
Tier I capital	Tier I capital is the going-concern capital. From regulatory capital perspective, going-concern capital is the capital which can absorb loses without triggering bankruptcy of a bank. Tier I capital is comprised of the CET I capital and the Additional Tier I capital.
Tier II capital	Tier II capital is the gone-concern capital. From regulatory capital perspective, gone-concern capital is the capital which will absorb losses only in a situation of liquidation of a bank. Tier II capital is comprised of eligible debt capital instruments as specified under regulatory requirements, general provisions and loss reserves as prescribed by the RBI (up to a maximum of 1.25% of total credit risk-weighted assets), as reduced by regulatory adjustments/deductions applied in the calculation of the Tier II capital as prescribed in extant RBI guidelines.
VaR	Value-at-risk
YTM	Yield to maturity

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual general meeting

Term	Description
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AMC	Asset management company
AOP	Association of persons
AS	Accounting Standards issued by ICAI
ASBA	Application supported by blocked amount
AY	Assessment year
Banking Ombudsman Scheme	The Banking Ombudsman Scheme, 2006
Banking Regulation Act	The Banking Regulation Act, 1949
BSE	BSE Limited
BVQI	Bureau Veritas Quality International
Calendar Year	Year ending on December 31
Category III Foreign Portfolio Investor	An FPI registered as a category III foreign portfolio investor under the SEBIFPI Regulations
CBI	Central Bureau of Investigation
CCI	Competition Commission of India
CDR	Corporate debt restructuring
CDR System	A joint forum of banks and financial institutions in India established in 2001 as an institutional mechanism for corporate debt restructuring
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CFO	Chief financial officer
CII	Confederation of Indian Industry
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Competition Act	The Competition Act, 2002, as amended
CPIs	Consumer price indices
CRISIL	Credit Rating Information Services of India Limited
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DICGC	Deposit Insurance Guarantee Corporation of India
EaR	Earnings at risk
EBITDA	Earnings before interest, tax, depreciation and amortization
ECB	External commercial borrowing
ECS	Electronic clearing service
EGM	Extraordinary general meeting
Eligible FPIs	FPIs that are eligible to participate in this Issue and do not include qualified foreign investors and Category III Foreign Portfolio Investors who are not allowed to participate in the Issue
EPS	Earnings per share
ETL	Expected tail loss
FCCB	Foreign currency convertible bonds
FCNR(B)	Foreign currency non-resident (bank)
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified under Circular No.1 of 2014, effective from April 17, 2014, as amended from time to time
FEDAI	Foreign Exchange Dealers' Association of India
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
FICCI	Federation of Indian Chambers of Commerce and Industry
FIIs	Foreign institutional investors as defined under the SEBI FPI Regulations
FIMMDA	Fixed Income Money Market and Derivatives Association of India
Financial Year or Fiscal Year	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board of the Ministry of Finance, Government of India

Term	Description
Fitch	Fitch Ratings
FIU-IND	Financial Intelligence Unit based in New Delhi
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. Any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration is deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FRA/IRS	Forward rate agreements/interest rate swaps
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GIR	General index registrar
GoI/Government	Government of India, unless otherwise specified
GST	Goods and services tax; a proposed reform to Indian tax laws relating to indirect taxes on goods and services
HFCs	Housing finance companies
HLAC	High Level Advisory Committee of the RBI
HNIs	High net worth individuals
HR	Human resources
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
ICRA	ICRA Limited
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IMF	International Monetary Fund
Ind-AS	Indian accounting standards converged with IFRS, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India
Indian GAAP	Generally accepted accounting principles in India as applicable to banks
IPO	Initial public offering
ISO	International Standards Organization
IT	Information technology
IT Act	The Income Tax Act, 1961, as amended
ITES	Information Technology Enabled Services
MAT	Minimum alternate tax
MCA	The Ministry of Corporate Affairs, Government of India
MNC	Multinational corporation
MoU	Memorandum of understanding
MSEs	Micro and small enterprises
NEAT	National Exchange for Automated Trading
NEFT	National electronic fund transfer
New Banks Licensing Guidelines	Guidelines for Licensing of New Banks in the Private Sector issued by RBI on February 22, 2013
NGOs	Non-government organizations
NRE	Non-resident (external)
NRI	Non-resident Indian
NRO	Non-resident Ordinary
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department
PAN	Permanent account number
PDAI	Primary Dealers Association of India
PFRDA	Pension Fund Regulatory and Development Authority
PLM Act	Prevention of Money Laundering Act, 2002, as amended

Term	Description
PMLA	The Prevention of Money Laundering Act, 2002
Prudential Norms	Prudential norms on income recognition, asset classification and provisioning pertaining to advances issued by the RBI on July 1, 2014
PTC	Pass through certificate
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies
₹/Rupees/INR/₹	Indian Rupees
Rule 144A	Rule 144A under the Securities Act
RWA	Risk weighted assets
S&P	Standard & Poor's Rating Services
SBI	State Bank of India
SCBs	Scheduled commercial banks
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FII Regulations	The Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, amended
SEBI Insider Trading Regulations, 1992	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended
SEBI Insider Trading Regulations, 2015	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEC	United States Securities and Exchange Commission
Securities Act	The U.S. Securities Act of 1933, as amended
SENSEX	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
SEZ	Special economic zone
SICA	The Sick Industrial Companies Act, 1985, as amended
Stock Exchanges	The BSE and the NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011, as amended
U.K.	United Kingdom
U.S. $/U.S. dollar	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
USA/U.S./United States	The United States of America
VCF	Venture capital fund
WOS	Wholly owned subsidiaries
WPI	Wholesale Price Index
WTO	World Trade Organization

SUMMARY OF BUSINESS

We are a leading public sector commercial bank in India, offering banking products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. Our Bank was founded on November 20, 1936 and our first branch was opened on February 10, 1937. We are one of the 14 major banks that was nationalized in 1969. As of March 31, 2016, the Government of India owned 77.32% of our Bank and, accordingly, exercises control over our management and operations.

- Chamber of Indian Micro Small & Medium Enterprises, Delhi have given the following awards for Indian Overseas Bank - 2015. –
  - → MSME Banking Excellence Awards 2015.
  - → Best Eco-Tech Savvy Bank for Mid-Sized Bank - Winner
  - → Best Bank under MUDRA Yojna for Mid-Sized Bank - Winner
  - → Best Bank for Promotional Scheme for Mid-Sized Bank - Runner Up

We are engaged in a wide variety of banking activities, such as corporate, micro, small and medium-sized enterprises ("***MSME***") and retail banking, and offer a wide range of financial products and services to corporate, SME and retail customers, including both resident and non-resident Indians. We also provide funding to sectors identified by the Government as Priority Sectors, with specific focus on agriculture and MSME. Our corporate and SME banking services to Indian corporates include providing project and corporate finance, working capital, short term credit, cash management, forex loan products such as export import credit, LC, LG, buyers' credit. Our Bank also handles treasury functions of State and Central Governments. Our retail banking services include consumer lending and deposit services. We offer a wide range of consumer credit products, including personal loans, home loans, vehicle loans, education loans, mortgage loans, jewel loans and credit card services. Our deposit products include savings accounts, time deposits and tailored deposit products for customers in various sectors, such as accounts for high net worth individuals, non-resident Rupee accounts, annuity-linked deposit schemes and tax-saving deposit products.

Our other businesses include merchant banking, bancassurance (marketing of life and non-life insurance products), international banking, sale of mutual fund products, corporate cash management services, trustee and taxation services, agricultural lending and depository services. We also undertake the sale of life insurance with LIC of India and general insurance products through our joint venture Company, Universal Sompo General Insurance, a joint venture between Indian Overseas Bank, Allahabad Bank, Sompo Japan Insurance Inc., Karnataka Bank and Dabur Investments. Our Bank also markets health insurance products of Apollo Munich Health Insurance Company Limited.

Our total assets have increased from ₹244,656.03 crore as of March 31, 2013 to ₹285,636.98 crore as of March 31, 2015 at a CAGR of 8.0% and our total deposits have grown from ₹202,135.35 crore as of March 31, 2013 to ₹246,048.72 crore as of March 31, 2015 at a CAGR of 10.3%. Our total advances have increased from ₹160,364.12 crore as of March 31, 2013 to ₹171,756.02 crore as of March 31, 2015 at a CAGR of 3.5%. Our total income has increased from ₹22,649.63 crore as of March 31, 2013 to ₹26,076.93 crore as of March 31, 2015 at a CAGR of 7.3%. Our net profit decreased from ₹567.23 crore for the year ended March 31, 2013 to a loss of ₹454.33 crore for the year ended March 31, 2015. In addition, the number of our branches has increased from 2,908 as of March 31, 2013 to 3,403 as of December 31, 2015 at a CAGR of 8.2%. As of December 31, 2015, our Bank's total deposits were ₹230,670 crore and our total advances were ₹179,349 crore. Our Bank's total income was ₹19,887.83 crore as of December 31, 2015 on which we incurred a net loss of ₹1,961.13 crore.
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History of our Bank

CY	Significant Milestone
1936	Indian Overseas Bank was founded by Shri M. Ct. M Chidambaram Chettiar
1937	Business commenced in three branches simultaneously on inaugural day itself--both in India and abroad
1957	Established 1st Training Centre
1968	Established a full-fledged Agricultural Department
1984	Established 1000th Branch
1998	Got Autonomous status
1999	1st Bank to obtain ISO 9001 Certification for Computer Policy and Planning Department
2000	Initial Public Offer
2001	Bagged NABARD's award for credit linking the highest number of Self-Help Groups among banks in Tamil Nadu
2001	Pilot run of Phase I of the Internet Banking commenced covering 34 branches in 5 Metropolitan centers

CY	Significant Milestone
2001	Bank Paid maiden dividend of 10%
2003	Follow on Public Offer
2005	Launched Debit Card
2006	Net Profit reached ₹1000 crore
2009	100% Core Banking Solution
2009	Launched Mobile Banking
2010	Established 2,000th Branch
2013	Established 3000th Branch
2015	Bank Surpassed the Landmark of 3,000 ATMs
2016	All branches successfully migrated from in house CBS platform "CROWN" to FINACLE.

OUR STRENGTHS

Strong brand recognition and extensive network

We are committed to improving our customer delivery experience and towards this end, have continually invested in more points-of-presence for service delivery to our retail and corporate customers alike. As of December 31, 2015, our Bank had 3,403 branches. In addition to our domestic branches, we also have 8 foreign branches, three representative offices, two remittance centers and a joint venture in Malaysia.

Additionally, in order to develop niche areas of service, as of December 31, 2015, our Bank's branches included 66 specialized service branches, which consisted of 26 SME branches, 8 prime corporate and 16 mid-corporate branches and 16 asset recovery management branches, among others. In addition, as of December 31, 2015, our Bank had opened e-corridors in select branches with facilities such as ATMs, cash deposit kiosks, cheque deposit kiosks, self-printing passbook kiosks, internet banking terminals, online trading terminals, corporate website access and interactive video conference systems.

We have also significantly increased our total number of ATMs from 1,883 as of March 31, 2013, to 2,533 as of March 31, 2014, to 3,571 as of March 31, 2015, to a total of 3,780 ATMs as of December 31, 2015.

Diverse product and service mix

Our extensive network allows us to provide banking services to a wide variety of customers, including large and small to medium corporations, institutions and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers throughout India. Our assets are diversified across business segments, industries, and groups, which gives us stability. Moreover, we offer a full range of banking products and services including short-term and long-term deposits, secured and unsecured loans, internet banking, credit cards, life insurance, merchant banking and agricultural banking products and project finance loans. As a result of our extensive network and product offerings, we are able to meet our customers' diverse banking needs.

Scalable Technology Infrastructure

Over the years we have invested heavily in increasing the use of technology not only from a user interface perspective, but also internally. Our technology has helped us in ensuring automated data flow between departments, thereby increasing the effectiveness of our commitment to our customers and reducing lead and turnaround times. In recognition of our efforts, we were awarded the IBA award for The Best use of Data in FY16 and also received the Skoch Order of Merit for Financial Inclusion & Automated Data Flow/MIS Project.

In order to ensure scalability of our operations and increase the efficacy of our risk management systems while improving the user experience, our Bank is migrating from the in-house CBS Solution, Crown, to Finacle, which is used by banks across 84 countries and serves over 45 crore customers. We believe that this will allow us to focus our energies on strengthening processes and systems. As on date all the branches of our Bank Branches have been migrated to the new Finacle platform. Finacle End User Training is being conducted at Staff Training College, Chennai and at 12 Staff Training Centers across the country in which 9,982 staff members have been trained so far.

In order to improve the quality of decision making and asset quality, our bank has introduced the Business Intelligence(BI) Suite, which gives interactive dashboards and alerts and allows for advanced analytics. In addition, we have put in systems to store large amounts of data with.

Efficient Asset Liability Management

Our Bank funds its loan assets mainly through deposits for its domestic operations. However, in overseas branches a portion of the loan assets are funded through interbank borrowings apart from funding through deposits. The Bank maintains an Efficient Asset Liability Management through bucket wise classification of assets and liabilities which is monitored at regular interval by a ALCO committee.

We have also maintained a steady CASA deposit base through our wide network of branches, our CASA as a percentage of total domestic deposits were at 25.35%, 25.89%, 26.96% and 26.32% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015. Further, our credit to deposit ratio has also remained steady at 72.77%, 73.73%, 74.13% and 77.75% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015.

We have also ensured that our provision coverage ratio, which was at 50.92%, 54.94%, 58.89% and 50.36% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015, respectively, is able to absorb the impact of our non-performing loan portfolio.

OUR STRATEGY

Our long term strategy is to emerge as a global bank, with best practices with respect to asset portfolio management, customer orientation, product innovation, profitability and corporate governance, and to enhance value for our shareholders.

In the medium term, our key business strategy includes:

Focus on capital optimization and profit maximization

We have put in place a robust risk management architecture with due focus on maximizing our business operations that will in turn maximize profit or return on equity. To enable a more efficient, equitable and prudent allocation of resources, we will benchmark our operations on globally accepted, sound risk management systems and conform to the Basel III framework, particularly in relation to capital adequacy. To counter the impact of the NPAs on our Bank's financial position, our Bank is following a multi-pronged approach including creation of a robust follow up and recovery mechanism that is monitored from the head office and creation of specialized NPA recovery branches to takeover high value NPAs from branches.

Further, we aim to reduce our dependence on high cost deposits and have already managed to decrease this from ₹26,200 crore in FY15 to ₹7,250.17 crore as on December 31, 2015. This we believe, will help in reducing our cost of funds.

We further aim to improve productivity by creating a culture of cost control and cost consciousness internally by striking an efficient and effective balance between people, processes and technology through the optimal allocation and utilization of resources.

Further improve our cost of funds by focusing on CASA

Our business had been facing pressures, coupled with an increase in the high-cost deposits, our CASA deposits as a percentage of the total deposits had been declining at 26.96%, 25.89% and 25.35% for the financial years ended 2013, 2014 and 2015, respectively, however our marketing campaigns and incentives to increase our CASA deposits is beginning to show results with an increase in our CASA deposits as of December 31, 2015 to 26.3% of total deposits, thereby helping in marginally reducing our cost of funding. Our focus is on expanding our customer base through our existing network of branches, which we believe will help in increasing our CASA deposits.

Focus on fee based income

We intend to focus on increasing our fee based income by focusing on *bancassurance*, cross-selling of mutual fund products, corporate cash management, industrial advisory, depository, syndicate desk, merchant banking, trustee and taxation related services. We intend to grow our income from fee based services by introducing new products and services and by cross-selling our offerings to our existing customers. We also intend to pursue strategic relationships with corporate entities and Government departments to provide our products to their employees and customers.

SELECTED FINANCIAL INFORMATION

The following tables set forth our selected financial and operating information. Our selected information on statement of profit and loss for the fiscal years ended March 31, 2015, 2014 and 2013 and the selected balance sheet data as of March 31, 2015, 2014 and 2013 are derived from our audited financial statements included in this Placement Document together with the report of our statutory auditors.

In order to allow for comparison of our information for fiscal years ended March 31, 2015, 2014 and 2013, we have presented the information below, reformatted from its original presentation. We have extracted the reformatted financial statements from our audited annual financial statements for the years ended March 31, 2015, March 31, 2014 and March 31, 2013. The reformatted financial statements have been presented as they were produced in the respective years' audited financial statements and have been prepared using the accounting policies as they were consistently followed in the respective years. For the purposes of comparative analysis below, previous years' figures have been reclassified wherever necessary. Certain portions of the reformatted financial statements have been converted from crore or thousands, as the case may be, into crore and shown to the crore of Indian rupees. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with U.S. GAAP, IFRS or other accounting principles.

You should read the following information together with the more detailed information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements, including the notes thereto and the reports thereupon, which appear in the section "Financial Statements." Whenever relevant, ratios for the nine month periods are presented on an annualized basis. Footnotes appear at the end of each related section of tables, where applicable.

Selected profit and loss statement information:

Particulars (₹crore)	For the year ended March 31,		
	2015	**2014**	**2013**
INCOME			
Interest earned	23,938.33	22,683.73	20,676.72
Other income	2,138.60	2,169.34	1,972.91
TOTAL	**26,076.93**	**24,853.08**	**22,649.63**
EXPENDITURE			
Interest expended	18,554.38	17,106.92	15,424.78
Operating expenses	4,200.21	3,748.92	3,407.84
Provisions & Contingencies (Net)	3,776.67	3,395.50	3,250.00
TOTAL	**26,531.26**	**24,251.34**	**22,083.00**
PROFIT / (LOSS)			
Net Profit / (Loss) for the year	(454.33)	601.74	567.23
Profit /(Loss) brought forward		-	-
TOTAL	**(454.33)**	**601.74**	**567.23**
APPROPRIATIONS			
Transfer to Statutory Reserve	-	150.50	141.90
Transfer to Revenue and Other Reserves	-	19.61	91.49
Transfer to Capital Reserve	35.51	63.44	54.61
Transfer to Special Reserve	-	200.00	155.00-
Proposed Dividend (Including Dividend Tax)	-	168.19	214.80
Balance carried over to Balance Sheet	(489.84)	-	-
TOTAL	**(454.33)**	**601.74**	**567.23**
Basic & Diluted Earnings per share (₹)	(3.68)	6.05	6.14
Nominal Value per Equity Share (₹)	10.00	10.00	10.00

Selected balance sheet information:

Particulars (₹crore)	As at March 31,		
	2015	**2014**	**2013**
CAPITAL & LIABILITIES			
Capital	1,235.35	1,235.35	924.10
Reserves and Surplus	14,405.67	14,934.82	12,533.26
Deposits	246,048.72	227,976.09	202,135.35
Borrowings	18,232.41	24,456.04	23,322.86
Other Liabilities & Provisions	5,714.83	6,302.55	5,740.47
TOTAL	**285,636.98**	**274,904.84**	**244,656.03**
ASSETS			
Cash & Balances with Reserve Bank of India	12,637.77	11,735.10	9,837.82
Balances with Banks and Money at Call and Short Notice	12,260.77	7,273.68	5,420.59
Investments	81,310.35	70,236.80	61,417.35
Advances	171,756.02	175,887.77	160,364.12
Fixed Assets	2,507.06	2,604.38	1,847.04
Other Assets	5,165.00	7,167.12	5,769.11
TOTAL	**285,636.98**	**274,904.84**	**244,656.03**
Contingent Liabilities	83,562.52	70,262.78	71,001.21
Bills for Collection	14,916.55	14,017.39	12,645.16

Selected cash flow statement information:

Particulars (₹crore)	For the year ended March 31,		
	2015	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss)	**(454.33)**	**601.74**	**567.23**
Adjustments for:			
Amortization of HTM Investments	88.37	81.26	57.52
Loss on Revaluation of Investments	253.48	104.67	68.35
Depreciation on Fixed Assets	149.00	141.32	126.59
Profit / Loss on Sale of Assets	(1.15)	(1.87)	(1.62)
Transfer from Reserves	32.54	(360.62)	-
Provision for taxes	836.34	241.30	180.25
Provision for NPAs	3,756.47	2,210.80	2,187.43
Provision for Standard Assets	(46.51)	246.13	259.18
Depreciation on Investments	(529.39)	465.43	175.10
Provision for Other Items	(240.25)	231.84	447.82
Interest Paid on Tier II Interest	603.16	607.81	607.03
Increase / (Decrease) in Deposits	18,072.63	25,840.74	23,701.17
Increase / (Decrease) in Borrowings	(7,073.37)	1,133.18	(290.99)
Increase / (Decrease) in Other Liabilities & Provisions	(161.35)	562.08	(180.16)
(Increase) / Decrease in Investments	(10,879.64)	(8,998.49)	(5,979.09)
(Increase) / Decrease in Advances	369.10	(17,966.28)	(22,274.93)
(Increase) / Decrease in Other Assets	1,187.79	(1,398.01)	171.70
Direct Taxes (Net)	(22.01)	(465.00)	(429.48)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**5,940.90**	**3,278.03**	**(606.88)**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale / disposal of Fixed Assets	8.03	1.87	5.24
Purchase of Fixed Assets	(165.94)	(221.58)	(233.20)
Investment in Associates	(6.37)	(6.89)	(173.34)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**(164.29)**	**(226.60)**	**(401.31)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of Equity Share Issue		1,598.05	1,000.00
Proceeds of Tier I & Tier II Bonds	1,000.00	-	-
Redemption of Tier II Bonds	(200.00)	(200.00)	-
Interest Paid on Tier II Capital	(614.58)	(604.62)	(577.66)
Dividend Paid	(72.26)	(94.50)	(416.83)
NET CASH FROM FINANCING ACTIVITIES (C)	**113.15**	**698.93**	**5.51**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	**5,889.77**	**3,750.36**	**(1,002.68)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
Cash & Balances with RBI	11,735.10	9,837.83	10,198.91
Balances with Banks & Money at Call	7,273.68	5,420.59	6,062.19
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Cash & Balances with RBI	12,637.77	11,735.10	9,837.83
Balances with Banks & Money at Call	12,260.77	7,273.68	5,420.59
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,889.77**	**3,750.36**	**(1,002.68)**

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Placement Document, including the risks and uncertainties described below, before making an investment in the equity shares. This section should be read together with "Industry Overview", "Business", "Selected Financial and Other Information", "Selected Statistical Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Placement Document.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in, equity shares could decline and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of the Bank and the terms of this Issue, including the merits and risks involved.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Placement Document. Prospective investors should carefully consider the following risk factors as well as other information included in this Placement Document prior to making any decision as to whether or not to invest in the Equity Shares.

RISKS RELATING TO THE BANK'S BUSINESS

Deterioration in the performance of any of the industry sectors to which we have significant exposure may adversely affect our business and, in turn, our results of operations.

We have credit exposure to a wide variety of industry sectors in India. As of December 31, 2015, our Bank's five largest industry exposures (sum of fund based, non-fund based facilities and investment outstanding) were to Services, Others (including unclassified retail), Agriculture and Allied Activities, Power and Iron & Steel for ₹39,305crore, ₹34,773crore, ₹27,103crore, ₹16,724crore and ₹11,656crore respectively. The cumulative exposure of these 5 industries was ₹129,562crore or 78.4% of our total domestic advances. For further details, please the section titled "*Select Statistical Information*". The global and domestic trends in these industries may have a bearing on our financial position. Any significant deterioration in the performance of a particular industry caused by events outside our control, such as global or domestic economic trends, regulatory action or policy announcements by Government or state Government authorities, could adversely affect the ability of borrowers in that industry to service their loans to us. As a result, we could experience increased delinquencies in such industries, which may adversely affect our business and results of operations. Moreover, concentration of exposure to a limited group of industries could exacerbate the adverse effect.

If we are not able to control or reduce the level of non-performing assets in our portfolio or if there is any increase in provisioning requirements mandated by the RBI, our NPA portfolio may deteriorate and our business and results of operations will be adversely affected.

As of December 31, 2015, our Bank's net NPAs amounted to ₹14,174crore which was 8.32% of our Gross Advances. Various factors could contribute to a rise in our NPA levels, including an adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and increased competition. The RBI regulates some aspects of the recovery of non-performing loans, such as through the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing and restructured loans as a result of these guidelines or otherwise may affect our collections and ability to foreclose on existing NPAs.

The following table details the NPAs and the provisions held by the Bank for such provisions.

Particulars	**As at March 31,**			**As at December 31,**
All figures in ₹crore	**2013**	**2014**	**2015**	**2015**
Gross NPAs	6,608	9,020	14,923	22,672
Provision for NPAs	2,558	3,342	5,088	7,116
Net NPAs	4,027	5,658	9,814	14,174
Gross Advances	**164,366**	**181,081**	**179,041**	**179,349**

Particulars All figures in ₹crore	As at March 31, 2013	As at March 31, 2014	As at March 31, 2015	As at December 31, 2015
Gross NPAs as a percentage of gross advances (%)	4.02	4.98	8.33	12.63
Provisions for NPAs as a percentage of gross NPAs (%)	38.71	37.05	34.09	31.39

Under the directed lending regulations of the RBI, we are required to extend at least 40.0% of our adjusted net bank credit to certain eligible sectors, which are categorized as "Priority Sectors". See "Business — Products and Services — Priority Sector and Retail Lending". The RBI's regulations also require, that out of the percentage of lending we are required to make to the Priority Sectors, we are required to lend at least 10.0% of our adjusted net bank credit to weaker sections of society and at least 18.0% of our adjusted net bank credit to the agriculture sector. We may experience a significant increase in NPAs in our directed lending portfolio, particularly in relation to loans to the agriculture sector and small enterprises, where we do not have significant control over the portfolio quality and where economic difficulties and the impact from inclement weather are likely to affect our borrowers more severely. Any change in the RBI's regulations may require us to increase our lending to relatively riskier segments, which may result in an increase in NPAs in the directed lending portfolio.

As of December 31, 2015, our Bank's provision for loan losses as a percentage of NPAs was 31.39% (as compared to the RBI's minimum requirement of 70.0%). See "*Description of Our Assets and Liabilities — Classification of Assets and Provisioning Requirements*". However, there can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs or otherwise or that the percentage of NPAs that we will be able to recover will be similar to our past NPA recovery experience. Any deterioration in our NPA portfolio and recovery rate could adversely affect our business and results of operations.

Our loan portfolio is significantly exposed to the services industry and any deterioration in the performance of this industry may adversely impact our business and results of operations

Our Bank's credit exposure to the services industry, which is our Bank's largest industry as of December 31, 2015, constituted 23.8% of our total domestic exposure. Any significant deterioration in the performance of the services sector, including due to regulatory action or policy announcements by the Government or any particular state Government, could adversely affect the ability of borrowers in the services industry to service their debt obligations owed to us. Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of retail deposits, as well as deposits from corporate customers and inter-bank deposits. We also obtain funding from our capital, reserves and borrowings. Our customer deposits mostly have a maturity of less than two years**.** However, a large portion of our loans to the services sector, have medium or long-term maturities, creating the potential for funding mismatches. If a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our credit exposures, our liquidity position could be adversely affected.

In a separate exercise of AQR 2015 RBI has noted certain deficiencies in our internal control processes, if we fail to implement corrective measures to rectify the same, it will materially affect our operations.

A separate review of Asset Quality Report ("***AQR")***2015was conducted with a specific focus on compliances with regulatory guidelines. The Bank has been advised to strictly apply the income recognition, asset classification and provisioning("***IRACP")*** norms in letter and spirit by March 31, 2016, as well as put the viable assets back on track in case of failed CDR restructuring cases. In the interim the Bank will be required to build up prudential provisions of 15 % (including 5% regulatory provisions for restructured standard assets as on March 31, 2016), for failed CDR restructuring cases by March 31, 2017. If we are unable to maintain our assets and quality ratio and improve upon the areas of deficiencies as pointed out by RBI such as strict application of IRACP norms, it will adversely affect our operations

RBI has issued our Bank a notice due to a falling return on Assets requiring us to take corrective measures. If we are unable to comply with the corrective measures prescribed by RBI, we will be exposed to various discretionary actions by RBI which may further constrict our business operations, thereby affecting the price of our shares. RBI has initiated Prompt Corrective Action against our Bank.

As per the Prompt Corrective Action framework guidelines issued by the RBI, the structured and discretionary actions that could be taken by the Reserve Bank include restrictions on accessing/renewing costly deposits and CDs, entering into new lines of business, bank's borrowings from inter-bank market, making dividend payments and expanding its staff; steps to increase fee-based income; contain administrative expenses; special drive to reduce NPAs and contain generation of fresh NPAs; and restrictions on incurring any capital expenditure other than for technological upgradation and for some emergency situations.

In this regard, RBI, vide its letter No. DBS.CO.PSBMDII/285913.01.44/2015/16 dated August 28, 2015, has advised the following action points on our Bank:

1. The Bank will launch special drive to reduce the stock of NPAs and contain generation of fresh NPAs,
2. The Bank will take steps to increase fee-based income and contain administrative expenses.
3. The Bank will reduce its stock of bulk deposits, improve CASA to the level of its peer group and eliminate high cost deposits by March 31, 2016.
4. The Bank will not incur any capital expenditure other than for technological up-gradation and for such emergent replacements within Board approved limits.
5. The Bank will not open any new branches/recruit new staff for the next one year.
6. The Bank will prepare a plan of action with sufficient monitorable granularity and milestone.

Our Bank had after meeting the officials of RBI on January 12, 2015, initiated corrective measures viz. (i) identification of the focus areas and communication to the officials of the Bank, (ii) recovery drive, with setting up of NPA war room at our Central Office and special recovery teams activated in different regions and branches (iii) Steps for reduction of high cost deposits (iv) Monitoring the administrative expenses and advising Zonal Offices / Regional Offices and branches to take steps for curtailing expenditure.

While we will endeavor to comply with the regulatory requirements, we cannot assure you that the regulatory trigger points will not be breached in future and neither can we give any assurance that we will be able to comply with the action points advised by RBI. Any future RBI-mandated changes to its policy could lead to an adverse impact on the Bank's business, future financial performance and the price of our shares.

Though we have moved an application to RBI for migration to the Standardized Approach for computing Capital for Operational Risk, however, our application has not been accepted so far and we have been asked to continue efforts for improving robustness and efficacy of the bank's Operational risk management framework.

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We had planned on taking up the migration to the standardized approach after CBS migration to the Finacle is completed and granular level data could be taken from the system directly. Meanwhile RBI had circulated the consultative document on Standardized measurement approach for Operational risk to all the banks and asked for their comments. In the meeting of all Risk Management General Managers of all the banks, the pros and cons of moving directly to the SMA approach has been discussed and RBI is yet to come out with its direction on the new approach. Our bank has decided to wait for RBI's direction in this regard before proceeding for migration to advanced approaches. We cannot assure you how the final guidelines will affect us or our operations.

We continue to face losses in our business operations on account of provisioning for our NPAs, which has eroded our net worth and reduced our credit rating. Any further down grading of our credit worthiness will impair our ability to raise further capital, which can have a material adverse impact on our operations and our financial condition.

Owing to the difficult economic condition in the country, especially in the sectors that our clients operate, we have faced higher NPAs in the last 24-36 months as compared to that in the past. This has resulted in increased provisioning requirements and our provisions for NPAs for the years ended March 31, 2013, 2014 and 2015 and nine months ended December 31, 2015 were ₹2,558.00crore, ₹3,342.00crore, ₹5,088.00crore and ₹7,116.00crore respectively. This has had a significant impact on our profitability for the period mentioned above. Our Bank reported profit/(losses) for the years ended March 31, 2013, 2014 and 2015 and nine months ended December 31, 2015 amounting to ₹567.23crore, ₹601.74crore, ₹(454.33) crore and ₹(1,961.13) crore. The losses for the Fiscal 2015 and the nine-month period ended December 31, 2015 resulted in an erosion of Net Worth which reduced from ₹13,052.44crore in Fiscal 2014 to ₹12,445.93crore in Fiscal 2015 and further to ₹12,496.76crore in December 31, 2015. The current financial strain has resulted in our credit rating being reduced. For further details, please read the section titled "Financial Statements" beginning on page F-1.

The credit rating agency, Brickwork on a review of our Bank's performance revised the ratings of our Basel III Compliant Additional Tier-I Perpetual Bonds from "BWR A-" (Outlook Stable Revised) to "BWR A- "(Outlook Negative) as of March. The revision in rating is on account of deteriorating asset quality of the Bank as reflected in high gross NPA and restructured loans percentage, high provisioning cost resulting in losses for Financial Year 2015, low provisioning coverage ratio and lower capital adequacy ratio, especially common equity tier I capital. In the past also ratings of the bonds have been downgraded by the Brickwork. CARE also has revised its ratings for the Basel III Compliant Tier-I Perpetual Bond issuefrom 'CARE A- 'to 'CARE BBB'. Ratings of other bonds issued by our Bank has also been downgraded in the past.

There is no assurance that we will not be further downgraded by Standard and Poor's and further there is no assurance that other rating agencies will not follow suit and down grade us. Standard and Poor also has placed us on credit watch negative. There is also no assurance that other rating agencies will not put us on their watch lists. Any further downgrades, especially in Tier I & Tier II bonds would adversely impact our financial condition and results of operations.

The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could adversely affect our business, results of operations and financial condition.

Our assets include restructured loans. See "*Description of our Assets and Liabilities — Restructured Assets*". The global and Indian economic slowdown and its impact on the equity and debt markets have adversely affected the capacity utilization, profitability and cash accruals of some of our borrowers and their ability to access equity and debt financing and have resulted in an increase in the level of restructured assets during the financial years 2015, 2014 and 2013.

The RBI has now mandated banks to disclose further details on restructured accounts in their annual reports. This includes disclosing accounts restructured on a cumulative basis, but excluding the standard restructured accounts which cease to attract higher provisions or higher risk weight, the provisions made on restructured accounts under various categories and details of the movements of restructured accounts. In addition, we are required to assign a risk weight of 125.0% on the accounts of unrated borrowers whose obligations have been subjected to restructuring or rescheduling until satisfactory performance under the revised payment schedule has been established for one year from the date when the first payment of interest or principal falls due under the revised schedule.

Further, in May 2013, the RBI issued final guidelines on the restructuring of loans. Pursuant to those guidelines, loans that are restructured (other than due to delays in project implementation under certain conditions and up to specified periods) from April 1, 2015, onwards would be classified as non-performing. The RBI also issued guidelines on May 30, 2013 for the treatment of restructurings for multiple revisions of date of commencement of commercial operations and consequential shifts in repayment schedules.

As prescribed by the RBI guidelines restructured accounts classified as standard advances will attract a higher provision (as prescribed from time to time) in the first two years from the date of restructuring. In cases of a moratorium on payment of interest or principal after restructuring, such advances will attract the prescribed higher provision for the period covering the moratorium and the two years thereafter. Further, restructured accounts classified as non-performing advances, when upgraded to the standard category will attract a higher provision (as prescribed from time to time) in the first year from the date of upgradation. The general provision required on restructured standard accounts will be increased to 3.5% as of March 31, 2014, to 4.3% as of March 31, 2015 and to 5.0% as of March 31, 2016. General provisions on standard restructured accounts after June 1, 2013 were increased to 5.0%. The guidelines also prescribe measures with respect to the terms of restructuring that may be approved for borrowers.

In addition to the provisions in accordance with existing provisioning norms, banks are also required to make provisions for diminutions in value of restructured assets. The total provisions required against an account (normal provisions plus provisions in lieu of diminution in the fair value of the advance) are capped at 100.0% of the outstanding debt amount.

The supervisory review process under the second pillar of Basel III also provides for a requisite amount of internal capital for exposure to restructured accounts. It also requires that The credit events specified by the contracting parties should at a minimum cover for restructuring of the underlying obligation involving forgiveness or postponement of principal, interest or fees that results in a credit loss event (i.e. charge-off, specific provision or other similar debit to the profit and loss account). BASEL III also requires that Restructured housing loans should be risk weighted with an additional risk weight of 25 per cent to the risk weights prescribed above.

The combination of changes in regulations regarding restructured loans, provisioning, and substantial increases in the level of restructured assets and the failure of these structured loans to perform as expected, could adversely affect our business, results of operations and financial condition.

Our loan portfolio contains significant advances to the MSME sectors.

We are exposed to the MSME market in India. As of December 31, 2015, our Bank's MSME loans represented 17.42% of our Adjusted Net Bank Credit. Our ability to receive repayment and interest upon these loans is dependent upon various factors, including the health of the overall economy, the ability of our borrowers to repay their loan, the results of operations of such borrowers and their business. These and other factors could lead to an increase in impairment losses and adversely affect our business and results of operations.

The adoption of the Basel III capital regulation framework in India may impose certain stringent guidelines which may result in an erosion of our capital adequacy. If we are not able to raise further capital or maintain the CRAR (as defined) it may have an adverse impact on our results of operations and our financial condition.

We are subject to regulations relating to capital adequacy of banks, which determines the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk asset ratio ("**CRAR**").

On May 2, 2012, the RBI issued guidelines on the implementation of the Basel III capital regulation framework in India, and on July 1, 2014, the RBI issued a master circular on Basel III capital regulations, consolidating all relevant guidelines on Basel III issued up to June 30, 2014 (together, the "**Basel III Guidelines**"). The Basel III Guidelines came into effect on April 1, 2013, and, subject to a series of transitional arrangements to be phased in over a period of time, will be fully implemented by March 31, 2019.

The Basel III Guidelines require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries, changes in the structure of non-equity instruments eligible for inclusion in Tier I capital and loss absorbency features for non-equity Tier I and Tier II capital. The Basel III Guidelines also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements for components of capital and risk coverage. As of March 31, 2019, banks are required to maintain a common equity Tier I ratio adequacy ratio of 5.5%, minimum Tier I capital of 7.0%, minimum total capital of 9.0% and a capital conservation buffer of 2.5%. However, the implementation of the capital conservation buffer will be from March 31, 2016

If the Basel Committee on Banking Supervision releases additional or more stringent guidelines on capital adequacy norms, which are given the effect of law in India in the future, we may be forced to raise or maintain additional capital in a manner that could adversely affect our business, financial condition and results of operations. In addition, these changes may result in the incurrence of substantial compliance and monitoring costs and there can be no assurance that any breach of applicable laws and regulations will not adversely affect our business and results of our operations.

The Bank is required to maintain its capital adequacy ratio at the minimum level required by the RBI for domestic banks. There can be no assurance that the Bank will be able to access capital as and when it needs it for growth.

The RBI requires Indian banks to maintain a minimum CRAR of 9% as of March 31, 2015 and 9.625% for March 31, 2016 as per Basel III Circular of the RBI, though the bank is presently maintaining 9.73% as of December 31, 2015. The Bank is exposed to the risk of RBI increasing the applicable risk weight for different asset classes from time to time. However, unless the Bank is able to access the necessary amount of additional capital, any incremental increase in the capital requirement may adversely impact the Bank's ability to grow its business and may even require the Bank to withdraw from or to curtail some of its current business operations. There can also be no assurance that the Bank will be able to raise adequate additional capital in the future at all or on terms favorable to it. Moreover, if the Basel Committee on Banking Supervision releases additional or more stringent guidance on capital adequacy norms which are given the effect of law in India in the future, the Bank may be forced to raise or maintain additional capital in a manner which could materially adversely affect its business, financial condition and results of operations.

As per statutory requirements, we have a large portfolio of Government securities and our business is particularly vulnerable to volatility in interest rates caused by deregulation of the financial sector in India.

As a result of certain reserve requirements of the RBI, to safeguard against liquidity risks, we are more structurally exposed to interest rate risk than banks in many other countries. Under the regulations of the RBI, our liabilities are subject to the SLR requirement that requires a minimum specified percentage, currently 21.5%, of our net demand and time liabilities to be invested in approved securities. The SLR requirement is subject to changes by the RBI in order to manage money supply by absorbing excess liquidity or by infusing liquidity. To maintain the mandatory SLR, we have an investment portfolio primarily comprising fixed income Government of India securities that could be adversely affected by a rise in interest rates, especially if the rise were sudden or sharp.

Our investments in Government securities are held for maintaining the mandatory SLR. Investment holdings are classified as HTM, AFS and HFT investments, in accordance with the relevant regulations. As of December 31, 2015, of our Bank's total domestic investment portfolio, 89.27% is in Government securities, out of which 65.06% is in the HTM portfolio and is thus not marked to market and not susceptible to volatility in interest rates. Of our Bank's total investment portfolio, only 34.94% is in our trading book under AFS and HFT categories, and such securities are affected by volatility in interest rates. Various risk limits have been specified in the market risk management policy for controlling and managing market risk in this portfolio. In the event of increasing interest rates, we would face a choice of either liquidating our investments in our trading book and realizing a loss or holding our securities and recording them as an accounting loss upon marking to market the value of the securities. The outcome of either option could adversely affect our results of operations.

Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity our business could be adversely affected.

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of retail deposits, as well as deposits from corporate customers and inter-bank deposits. We also obtain funding from capital reserves and borrowings. Our customer deposits generally have a maturity of less than two years. However, large portions of our assets have medium or long-term maturities, thus creating the potential for funding mismatches.

If a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets, our structural liquidity position could be adversely affected. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which requires the approval of the RBI. There can be no assurance that we will be able to obtain the RBI's authorizations to meet our requirements for branch expansion to achieve the desired growth in our deposit base and business.

High volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, could have an adverse effect on our liquidity position and our business.

The value of our collateral may decrease or we may experience delays in enforcing collateral when borrowers default on their obligations, which may result in failure to recover the expected value of collateral security exposing us to potential loss.

Substantial portions of our loans to corporate customers are secured by real assets, including property, plant and equipment. Our loans to corporate customers also include working capital credit facilities that are typically secured by a first lien on inventory, receivables and other current assets. In some cases, we may have taken further security of a first or second lien on fixed assets or a pledge of financial assets such as marketable securities. A substantial portion of our loans to retail customers is also secured by the assets financed, which are predominantly property and vehicles. Changes in economic conditions and asset prices may cause the value of our collateral to decline. We may not be able to realize the full value of our collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including the inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- depreciation in value of the collateral, illiquid market for disposal of and volatility in the market prices for the collateral; and
- current legislative provisions or changes thereto and past or future judicial pronouncements.

In India, a foreclosure on collateral generally requires a written petition to an Indian court or tribunal. An application, when made, may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. In the event a corporate borrower makes a reference to a specialized quasi-judicial authority called the Board for Industrial and Financial Reconstruction ("**BIFR**"), any foreclosure or enforcement of collateral will be temporarily halted. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**"), the Debt Recovery Tribunal Act, 1993 and the RBI's corporate debt restructuring ("**CDR**") mechanisms has strengthened the ability of lenders to resolve NPAs by granting greater rights as to enforcement of security and recovery of dues from corporate borrowers. While we believe that the SARFAESI Act has contributed to our enforcement efforts, there can be no assurance that the legislation will continue to have a favorable impact on our efforts to resolve NPAs. A failure to recover the expected value of collateral security could expose us to a potential loss. Any unexpected losses could adversely affect our business, results of operations and financial condition.

We and our customers are exposed to fluctuations in foreign exchange rates.

As a financial intermediary, we are exposed to exchange rate risk. See "*Business — Corporate Lending — Treasury Products*". We undertake various foreign exchange transactions to hedge our customers' business and for proprietary trading, which exposes us to various kinds of risks, including credit risk, market risk and exchange rate risk.

We have adopted a market risk management policy and forex dealing and trading operations policy to mitigate risks arising out of customer transactions and proprietary trading through various risk limits such as counterparty bank exposure limits, country wise exposure limits, overnight limits, intraday limits, stop loss limits, aggregate gap limits and value-at-risk limits. See "*Description of Our Assets and Liabilities — Market Risk*".

Some of our borrowers also enter into derivative contracts to manage their foreign exchange risk exposures. Some of our customers have incurred mark-to-market or crystallized losses on their foreign exchange contracts. The failure of our borrowers to manage their exposures to foreign exchange, derivative risk, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers, the quality of our exposure to our borrowers and our business volumes and profitability. Defaults by our customers on their derivative contracts and their subsequent classification as NPAs may have an adverse impact on our profitability, business and the price of the Equity Shares.

The Bank has opened several branches in unbanked rural areas, as mandated by RBI's financial inclusion programme. These branches may not generate a commercially viable profit margin and may still need to be sustained vide income and profits generated by other bank Branches and this may materially adversely affect our Business.

As per RBI's financial inclusion policy, the key component should be to improve the credit system for the underprivileged, particularly millions of poor agricultural households, so as to ensure a perceptible shift of credit demand from the informal to the formal sector; Relevant financial policies with necessary structural reforms where the government has a central role can deliver real financial inclusion in a sustainable and stable manner. As on December 31, 2015 the Bank has 3,403 domestic branches, comprising of 1,033 rural branches (30.36%), 956 Semi Urban branches (28.09%), 751 Urban branches (22.07%) and 663 Metropolitan branches (19.48%). While newer financial products in Unbanked Rural Centers have their benefits, there is a clear danger of mis-selling, which could damage marginalized segments who have an uncertain cash flow. Efforts on financial education need to be strengthened, including product-driven financial literacy so that the poor are not short-changed. Yet the overall governance structure needs to be more business-like, focused on delivery to be sustainable for the Bank. This will require addressing significant pockets of exclusion, the adoption of technology and allowing multiple models and partnerships to emerge, and effective management of the same. In the event the financial inclusion policy requirement poses to be an unsustainable challenge, which our Bank cannot sustain, it will materially adversely affect our business as such rural branches will then need to be sustained from profits of other branches and this may materially adversely affect our operations and profitability.

Banking is a heavily regulated industry and material changes in the regulations which govern us could cause our business to suffer.

Banks in India are subject to detailed supervision and regulation by the RBI. In addition, banks are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. The laws and regulations governing the banking sector may change in the future to be in line with Basel III guidelines or independently of any guidance and any such changes may have an adverse effect on the products or services we offer, the value of our assets or of the collateral available for our loans or our business in general. Since 2005, the RBI has made several changes in regulations applicable to banking companies, including:

- implementation of Basel III capital regulation;
- additional capital and provisions for unhedged foreign currency exposure;
- additional capital for credit value adjustments;
- guidelines on framework for domestic systemically important banks;
- guidelines on intra group exposures;
- framework for revitalizing distressed assets;
- risk-weights on certain categories of loans for computation of capital adequacy;
- general provisioning requirements for various categories of assets;
- capital requirements and accounting norms for securitization;
- policy interest rates, cash reserve ratio, cessation of payment of interest on cash reserve balances;
- limits on investments in financial sector enterprises and venture capital funds; and
- directed lending requirements.

See "*Regulations and Policies*". In accordance with current RBI guidelines, all banks in India, including us, are subject to directed lending regulations. We are required to lend a minimum of 40.0% of our adjusted net bank credit to the Priority

Sector. Our Priority Sector advances include loans to agricultural industries, small-scale industries and services, loans to certain sectors targeted as requiring special assistance, such as loans to housing, education, food and agriculture based processing sectors and loans to software industries. Out of the amounts we are required to lend under the Priority Sector, at least 18.0% of our net bank credit must be lent to the agriculture sector. In addition, advances to weaker sections under the DRI Scheme by all commercial banks in India are required to be at least 10.0% of net bank credit and 1.0% of our previous year's net bank credit. Any shortfall in the amount required to be provided to the relevant sectors must be deposited with a Government-sponsored Indian development bank such as the National Bank for Agriculture and Rural Development ("**NABARD**"). These deposits typically carry interest rates lower than market rates and must be placed for a period of one year or seven years.

As a public sector Bank, we are subject to an annual financial inspection by the RBI. In the past, the RBI has made certain observations during such inspection concerning our business and operations. In the event that we are unable to meet or adhere to the guidance or requirements of the RBI, the RBI may impose strict enforcement and monitoring measures on us, which may have an adverse effect on our business, financial condition or results of operations.

Based on international best practices, the RBI has introduced a risk focused and forward looking banking supervision for the Indian banking system. Our Bank has also been brought under the purview of the risk based supervisory framework from the financial year 2015 onwards. The supervisory stance or intervention by the RBI will be determined on the basis of assessment of risk of failure at our Bank.

Economic difficulties are likely to significantly affect borrowers of our directed lending. As of December 31, 2015, our Bank's lending to Priority Sectors accounted for 38.93% of our Bank's adjusted net bank credit, including 16.04% of our Bank's adjusted net bank credit going to the agriculture sector.

The Banking Regulation Act and the Banking Companies Act, impose a number of restrictions, which affect our operating flexibility and investors' rights, including:

- We cannot pay any dividend on the Equity Shares until all our capitalized expenses (including preliminary expenses, organization expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. Payment of dividend is further governed by the RBI guidelines, which imposes certain additional requirements. See "*Regulations and Policies — Declaration of Dividend*". However, the Central Government may, on the recommendation of the RBI Bank, declare, by the notification in the Official Gazette, that any or all of the provisions of this Act shall not apply to any banking company or institution or to any class of banking companies either generally or for such period as may be specified.

- The forms of business that we may engage in are specified and regulated by the Banking Regulation Act. We cannot directly or indirectly deal in the buying, selling or bartering of goods by ourselves or for others, except in connection with the realization of security given to or held by us. We also cannot engage in any trading, buying, selling or bartering of goods for others other than in connection with bills of exchange received for collection or negotiation, or in connection with the administration of estates as executor, trustee or otherwise, or in connection with any business specified under Section 6(1)(o) of the Banking Regulation Act. We may only undertake business activities permitted by the Banking Regulation Act (to the extent applicable to our Bank) or specifically permitted by the RBI, which may restrict our ability to pursue profitable business opportunities as they arise.

- We are required to create a reserve fund and transfer at least 20.0% of our profit each year to the reserve fund before paying any dividends. Further, payment of dividends is subject to the prior approval of the RBI, unless we comply with the requirements of the minimum capital adequacy ratio of 9.0% for the preceding two completed years and the accounting year for which we propose to declare the dividend, and have a net NPA ratio of less than 7.0%.

- We are subject to restrictions in the incorporation of subsidiaries, which may prevent us from exploiting emerging business opportunities in areas other than banking. We may not open new places of business and transfer our existing places of business, which may hamper our operational flexibility.

- Other than the Government, no shareholder may exercise voting rights in respect of any shares held by it in excess of 10.0% of the total voting rights of all our shareholders.

- The composition of our Board of Directors is regulated by law and shall include directors appointed by the Government. Shareholders other than the Central Government may appoint one to three directors, depending on their shareholding.

- We are not subject to laws relating to the winding up of companies and our Bank cannot be placed in liquidation except by order of the Government.

We also require certain statutory and regulatory permits and approvals to operate our business, including registrations under the relevant shops and establishments acts. We cannot assure you that we have obtained the necessary licenses under the relevant state legislations, including governing the registration of shops and establishments for our branches particularly where specific exemptions have not been provided for scheduled commercial banks. Failure by us to renew, maintain or obtain the required permits or approvals, may result in the interruption of our operations or delay or prevent our expansion plans and may have a material and adverse effect on our business, financial condition and results of operations.
For more information, relating to our regulatory restrictions, see "*Regulation and Policies*".

In addition, we provide micro finance to self-help groups in India. A number of states in India have enacted laws to regulate money lending to self-help groups. For example, the state of Andhra Pradesh has established the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Act, 2010 ("**AP Act**"). Such state laws establish maximum rates of interest that can be charged for lending money. Further, only entities registered under the state law are permitted to lend money or recover loans. We have not applied for registrations under these state money-lending laws, including the AP Act, since we believe they do not apply to banks such as us. We cannot assure you that we will not be required to register under these laws. In the event that the state governments require us to comply with the provisions of their respective state money lending laws or impose any penalty on us, our Directors or officers, our business, results of operations and financial condition may be adversely affected.

Our inability to effectively manage credit, market and liquidity risks and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds.

Our risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behavior. In the event future risk exposures are greater than the historical measures indicated, our risk management methods may be inadequate. Our strategies and techniques are, to some degree, based on our management's subjective judgment based on past experience and individual perception. To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk is ineffective, we may not be able to effectively mitigate our risk exposures, particularly to market environments or against particular types of risk. Further, some of our risk management strategies may be ineffective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our net interest margin is fluctuating however; a decreasing trend is evident. Our net interest margin as of March 31, 2015 was 2.06%, followed by 1.92% June 30, 2015, then as of September 30, 2015 it was 2.03% and as of December 31, 2015, it is 1.93%. The Bank could be adversely impacted by a rise in generally prevailing interest rates on deposits, especially if the rise were sudden or sharp. If such a rise in interest rates were to occur, the Bank's net interest margin could be adversely affected because the interest paid by the Bank on its deposits could increase at a higher rate than the interest received by the Bank on its advances and other investments. The requirement that the Bank maintain a portion of its assets in fixed income Government securities could also have a negative impact on its net interest income and net interest margin because the Bank typically earns interest on this portion of its assets at rates that are generally less favorable than those typically received on its other interest-earning assets

Our balance sheet growth is dependent upon economic conditions, as well as upon our ability to securitize, sell, purchase or syndicate particular loans or loan portfolios. Our trading revenues and interest rate risk are dependent upon our ability to properly identify and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

The Marginal Cost of Fund Based Lending Rate ('MCLR') system is a new method for pricing loans, and its impact on the future results of the Bank is unclear.

As of July 1, 2010, RBI guidelines replacing the benchmark prime lending rate regime with a base rate regime, which replaced the Benchmark Prime Lending Rate (BPLR) system. Subsequent to that, in yet another attempt to make banks pass on policy rate cut benefits to borrowers, the RBI has brought out a new methodology:

Marginal funds refer to money raised by banks in the last month or quarter before the lending rate review. The new methodology will come into effect from 1 April 2016 and is expected to curtail banks' ability to hold on to higher base rates despite the RBI slashing rates. So far, banks followed diverse methodologies for computing the minimum rate at which they could lend—the base rate. Now, RBI has asked all banks to follow the marginal cost of funds method to arrive at their benchmark lending rate. MCLR will be calculated after factoring in banks' marginal cost of funds (largely, the interest at which banks borrow money), return on equity (a measure of banks' profitability), negative carry on account of cash reserve ratio (the cost that banks incur on account of keeping reserves with the RBI), operating costs and tenure premium (longer the loan term, higher the interest/premium). The actual lending rate will be MCLR plus the spread determined by banks after taking into account their business strategy and credit risk of the borrower, among other parameters.

The new formula is intended to make floating lending rates more responsive to policy rate cuts. Even existing borrowers will have the option to switch to MCLR when it is introduced. When RBI had ushered in the base rate regime in 2010, the objective was to ensure better transmission, transparency and fair treatment to new and existing borrowers. However, it met with limited success. There might be short-term problems when dealing with the new norms. Because the MCLR regime is newly proposed, its long-term effects on the lending practices of the Bank and other banks are unclear as of the date of this Placement Document Actual lending rates will be determined by adding the components of spread to the MCLR. Accordingly, there will be no lending below the MCLR of a particular maturity for all loans linked to that benchmark As banks will be unable to lend at rates below the MCLR, regardless of the creditworthiness of the borrower, it is possible that the Bank will be restricted from making loans that would otherwise result in a profit, thereby adversely affecting the Bank's results of operations, lower the Bank's net interest margin and adversely affect its financial condition and results of operations. Further, since the success of the MCLR approach is not yet guaranteed it may materially adversely affect the operations of the Bank.

The Bank's loan portfolio contains significant advances to the agricultural sector.

The Bank's loan portfolio contains significant advances to the agricultural sector, amounting to ₹29,236.27crore as of March 31, 2015 and including indirect finance to Agriculture amounting to ₹26,903crore as of December 31, 2015. The Government's proposed agricultural lending plans may contemplate state-owned banks, including the Bank, lending at below market rates in the agricultural sector. RBI guidelines stipulate that the Bank's agricultural advances be 18.0% of adjusted net bank credit. The Bank has achieved 39% of Adjusted Net Bank Credit (ANBC) as on March 31, 2015 and 38.93% as on December 31, 2015. The sector wise break up of NPAs (domestic) as of December 31, 2015 is 10.11% due to agricultural sector, 66.68% from the Industrial sector, 19.72 from the services sector and 3.48% from personal loans. If our NPAs from Agriculture increase, given our high exposure to this sector as well as cyclical or other monsoon dependent changes and fluctuations, it will materially adversely affect our business.

Our failure to manage growth effectively may adversely affect our business.

In the past, we have witnessed rapid growth. As of March 31, 2013, the number of our branches was at ~2,908 branches and our total business was at₹ 366,501.00crore. As of December 31, 2015, the number of our Bank's branches was at 3,403 branches and our Bank's total business was at ₹410,019.00crore. Such growth puts pressure on our ability to effectively manage and control historical and newly emerging risks. Our ability to sustain growth depends primarily upon our ability to manage key issues such as selecting and retaining skilled manpower, maintaining an effective technology platform that can be continually upgraded, developing a knowledge base to face emerging challenges, and ensuring a high standard of customer service. We cannot assure you that we will be able to maintain our historic growth rates or manage our growth effectively.

We may seek growth opportunities through acquisitions or be required to undertake mergers by the RBI, which exposes us to integration and other acquisition risks.

We compete principally with other nationwide commercial banks in India. We also face competition from a number of regional banks, development banks, specialized banks and subsidiaries and branches of foreign banks operating in India, as well as various other financial institutions, including credit card companies, securities companies and investment trust companies.

We may seek growth opportunities through acquisitions or be required to undertake mergers as mandated by the RBI. In the past, the RBI has ordered mergers of weak banks with other banks primarily in the interest of depositors of the weak banks. In the past our mergers/amalgamations namely, with Bharat Overseas Bank Limited as of April 1 2007, was amalgamated secondly Bank of Tamilnad Limited on in 1990 and lastly, Suvarna Sarkari Bank Limited on February 17, 2009, is subject to risks and uncertainties, some of which are beyond our control, including:

- difficulties in operating the integrated information technology system, electronic banking system, risk management and other systems;
- challenges in harmonizing the two or more corporate cultures;
- difficulties in maintaining asset quality;

- difficulties in leveraging synergies and rationalizing operations;
- difficulties in retaining and attracting customers and new talent;
- difficulties in developing new skills required for new businesses and markets;
- diversion of management's attention required to integrate the two businesses following the acquisition or merger, one or more of which could have an adverse effect on our business; and
- Potential legal proceedings against such acquisitions or mergers.

Any damages caused by the materialization of banking business operational risks to which we are subject and significant security breaches could adversely impact our business.

We are exposed to operational risk arising from inadequacy or failure of internal processes or systems or from fraud. We are susceptible to, and have experienced in the past, fraud or misconduct by employees or outsiders, unauthorized transactions by employees and operational errors, including clerical or record keeping errors. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and reputational or financial harm, including harm to our brand. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Additionally, our growth and expansion to new product lines may create additional challenges with respect to managing the risk of fraud due to the increased complexities in our business and geographical dispersion.

Furthermore, various officers of other public sector banks and financial institutions have been arrested on grounds of fraud and authorizing loans for bribes that resulted in reputational and operational harm to their respective banks or institutions**.** The Central Bureau of Investigation ("**CBI**") is currently conducting an ongoing investigation into this corporate loan bribery scam involving various banks and financial institutions. Although we are not aware of any involvement by our executives or employees in the scam, any criminal misconduct by our executives or employees in relation to this scam or similar scams will have a material adverse impact on our business.

Our management information systems and internal control procedures are designed to monitor our operations and overall compliance, however, they may not be able to identify non-compliant or suspicious transactions in a timely manner or at all. As a result, we may suffer monetary losses, which may not be covered by our insurance and may thereby adversely affect our reputation, profitability and results of operations.

Physical or electronic break-ins, security breaches, other disruptive problems caused by our increased use of the internet and computer systems or power disruptions could also affect the security of information stored in and transmitted through our systems and network infrastructure. We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. We use security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures according to emerging industry standards to prevent break-ins, damage and failures to protect our customers and operations, there can be no assurance that these security measures will be adequate or successful. Failure in security measures could have an adverse effect on our business.

System failures could adversely impact our business.

Given the significance of retail products and services and transaction banking services in our business, the importance of systems technology to our business has increased significantly. Our principal delivery channels include ATMs, internet banking, mobile banking and call centers. Any failure in our systems, particularly for retail products and services and transaction banking, could harm our reputation and significantly affect our operations and the quality of our customer service, which could result in business and financial losses and adversely affect the price of the Equity Shares.

Moreover, management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

Furthermore, we have recently migrated to *Finacle 10*. While this provides us with higher operational prowess, the teething period may cause several hurdles, some of which we may not be able to foresee and ergo prepare for. This may cause disruptions in our business, which may have a material adverse impact on the operations.

If we are unable to adapt to rapid technological changes, our business could suffer.

Our future success and ability to compete with other banks will depend, in part, on our ability to respond to technological advances, development of human resources and emerging banking industry standards and practices on a cost-effective and timely basis. For instance, there are several banks that have launched their mobility based access programs that allows customers to access and transact on-the-go. Currently, we do not have such applications, however our *Finacle 10* software provides us with the platform to integrate such applications in the future. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies effectively or adapt transaction-processing systems to our customers' satisfaction or emerging industry standards. Further, if we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business could suffer.

Any inability to attract and retain talented professionals may negatively affect us.

Our business is growing more complex as we expand our operations and our product lines. Our growth and continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals. We believe our employees are a significant source of our competitive advantage and are thus a key element of our growth strategy. The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations and on our ability to attract and train technologically sound, young professionals. As we generally pay wages that are lower than those paid by private sector banks, it could adversely affect our ability to hire qualified employees. We also do not maintain any key person insurance. If we or one of our business units or other functions fail to staff their operations appropriately, or lose one or more of our key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, and operations, including our control and operational risks, may be adversely affected.

Our employees are unionized and any union action may adversely affect our operations and business.

Approximately 91.07% of our employees belong to trade unions/officer associations as of December 31, 2015. While we believe we have strong working relationships with the unions/associations to which our employees belong, there can be no assurance that we will be able to maintain such relationships in the future. In the past, we have experienced work stoppage and strikes initiated by various unions/associations of public sector banks across the country and certain regions. If these unions/associations were to call for a work stoppage or other similar action, we may be forced to suspend all or part of our operations until disputes are resolved. If any work stoppage were to occur, our operations would be disrupted and our business would be adversely affected.

Materialization of our contingent liabilities could affect our results of operations and financial condition.

As of December 31, 2015, our Bank had contingent liabilities of ₹83,928.00crore on account of claims against us that are not acknowledged as debt, liabilities on account of outstanding forward exchange contracts, guarantees, acceptances, endorsements and other obligations, interest rate swaps and others. See *"Financial Statements"*. If our contingent liabilities crystallize, it may have an adverse effect on our results of operations and financial condition.

As the Government controls a majority of our issued share capital, our strategy and operations may be affected by the Government's public policy decisions.

Through its direct and indirect holdings, the Government controls a majority of our issued share capital. As of March 31, 2016 the Government directly held 77.3% of our issued share capital. In addition, under Section 3(2E) of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, no shareholder other than the Government may exercise voting rights in respect of any Equity Shares held by such shareholder in excess of 10.0% of the total voting rights of our shareholders. Although historically we have enjoyed a certain degree of autonomy from the Government in the management of our affairs and strategic direction, as our controlling shareholder, the Government is able to exercise effective control over us. Further, the Chairman, Managing Director& CEO and the Executive Directors are appointed by the Government. The remaining Directors are non-executive Directors that represent the Government, the RBI, shareholders and the workmen and non-workmen staff of our Bank. Although our management runs the day-to-day operations, the Government may determine material policies as a majority and controlling shareholder that may not be in the best interest of our other shareholders. The Government may do so without the consent or approval of our other shareholders, except for those matters requiring a special resolution.

We are mandated under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 to, among other things; serve the needs of development of the Indian economy in conformity with national policies and objectives. From time to time, we may be required to take actions in furtherance of public policy considerations and the Government's broader objectives for the banking industry, which are not necessarily in our best commercial interests. We cannot assure you that the Government's future policy decisions will not have an adverse effect on our results of operations and financial condition.

Our Board of Directors are constituted under the terms of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, the Scheme and any guidelines and directives issued by the RBI and we may not be able to comply with Regulation 17 of the SEBI LODR Regulations.

Our Board of Directors are constituted under the terms of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, the Scheme and any guidelines and directives issued by the RBI from time to time. In compliance with Section 9(3) of the Banking Companies Act, our Board currently has twelve directors, including two executive directors, a Government nominee director, an RBI nominee director, a workmen employee director, two shareholder directors, an officer employee director and three part-time non-official directors. As our Board of Directors is constituted in accordance with the applicable provisions of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, the Scheme and any guidelines and directives issued by the RBI from time to time, we may not be able to comply with Regulation 17 of the SEBI LODR Regulations with respect to the requirements of the constitution of the Board of Directors or the scope of work of Board committees.

The position of the Chairman on our Board is currently vacant.

Our Managing Director and CEO, Mr. R Koteeswaran is set to retire from the Board with effect from June 30, 2016 upon attaining the age of superannuation. Our Chairman and Managing Director have historically been appointed by the Government in accordance with the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. On October 27, 2014, the Ministry of Finance, Government of India stated that the Government had constituted a committee consisting of the Secretary (Expenditure), Secretary (School Education) and the Governor of the RBI to examine the selection process of the chairman and managing directors of public sector banks. The Government decided that a fresh process for selection would have to be implemented for filling up the existing vacancies wherein the Governor of the RBI or his nominee should be part of the selection process. The Government has also decided to finalize a new process for selection of the chairman and managing directors of public sector banks for all future vacancies.

The Government is yet to identify any successor. If the Government does not appoint any MD&CEO for the bank upon the completion of his term, our bank will not have either a Chairman or an MD on the Board. This could impair the ability of the bank to take timely decisions and may impact our results of operations.

Our shareholders may not have certain rights which are available to the shareholders of a company registered under the Companies Act, and may not be able to avail certain recourses available under the Companies Act.

Our Bank is a corresponding new bank constituted under and regulated in terms of the provision of Banking Companies Act and the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970. Further, in pursuance of Section 19 of the Banking Companies Act, the Government has formulated the Indian Overseas Bank (Share and Meetings) Regulations, 2000, as amended from time to time, which provides certain rights to our shareholders, and we are also bound by the SEBI (LODR) Regulations. However, certain rights and recourses available to the shareholders of a company registered under the Companies Act may not be available to our shareholders. For instance, under Section 47(b) of the Companies Act, voting rights of a shareholder on a poll is to be in proportion to the share of the paid up equity capital of the company. However, in terms of Section 3(2E) of the Banking Companies Act, no shareholder of our Bank, other than the Government, shall be entitled to exercise voting rights in respect of any shares held by him, in excess of 10.0% of the total voting rights of all the shareholders of our Bank.

We are required to maintain cash reserve ratio and SLR and any increase in these requirements could materially and adversely affect our business, financial condition and results of operations.

As a result of the statutory reserve requirements stipulated by the RBI, we may be more exposed structurally to interest rate risk than banks in other countries. Under the RBI regulations, we are required to maintain a CRR of 4.0% of our demand and time liabilities in the form of balances with the RBI in accordance with Section 42 of the RBI Act, 1934. We do not earn any interest on balances held with the RBI. As of December 31, 2015, we had ₹11966.71crore in cash and bank balances with the RBI. The RBI may further increase the CRR requirement as a monetary policy measure and has done so on numerous occasions. Increases in the CRR requirement could adversely affect our business, results of operations and financial condition.

In addition, under the RBI regulations, our liabilities are subject to a SLR requirement, according to which 21.50% of our demand and time liabilities need to be invested in government securities, state government securities and other securities approved by RBI from time to time. In our experience, these securities generally carry fixed coupons. When the interest rate rises, the value of these fixed coupon securities depreciates. We cannot assure you that investment in such securities will provide returns better than other market instruments. Further, any increase in the CRR and the SLR requirements, would reduce the amount of cash available for lending, which may adversely affect our business, results of operations and financial condition.

We depend on the accuracy and completeness of information about customers and counterparties, any incomplete or incorrect information may have a material adverse impact on our financial position and results of operations.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading.

We are involved in several litigations. Any final judgment awarding material damages against us could have an adverse effect on our results of operations and financial condition.

Our Bank, and Associates, and officers, are involved in litigation for a variety of reasons, which generally arise because we seek to recover our dues from borrowers or because customers seek claims against us. Our Bank, our Associates, and our directors and officers, may also be involved in taxation related proceedings initiated by the taxation authorities. The majority of these cases arise in the normal course of business and we believe, based on the facts of the cases and consultation with counsel, that these cases generally do not involve the risk of a material adverse impact on our financial performance or our shareholders' fund. Where we assess that there is a probable risk of loss, it is our policy to make provisions for the loss. However, we do not make provisions or disclosures in our financial statements where our assessment concludes that the risk is insignificant. See *"Legal Proceedings*" for litigation proceedings involving material claims against us. We cannot guarantee that the judgments in any of the litigations in which we are involved in would be favorable to us.

Our insurance business may not be successful. If we are not successful, any investments made in the joint venture may not yield expected returns.

While we intend to increase our bancassurance business channel (marketing of life, non-life and health insurance products) business, we cannot assure you that these businesses will be able to achieve growth. The reduction in capital market valuations and volatility in capital markets have had an adverse effect on the demand for unit-linked products. The Insurance Regulatory and Development Authority also implemented unit-linked product regulations in September 2010, which included caps on charges including surrender charges, an increase in minimum premium paying term and the introduction of minimum guaranteed returns on pension products. In March 2013, the IRDA issued further guidelines on non-linked and linked life insurance products which include limits on the commission rates payable by insurance companies, the introduction of a minimum guaranteed surrender value and minimum death benefits for non-linked products. Any changes in regulatory guidelines and adverse market conditions could impact income from our bancassurance business.

If we do not effectively manage our foreign operations, these operations may incur losses or otherwise adversely affect our Bank's business and results of operations.

As of December 31, 2015, our Bank had a network of eight international branches, three representative offices, a Joint Venture and two remittance centers and we intend to continue our international operations. As we have foreign branches, representative office and joint ventures in foreign centers, we may be subject to additional risks relating to compliance with a wide variety of national and local laws, banking regulations, technologies and multiple, and possibly overlapping, tax structures.

Moreover, the loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulations) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks, including the failure of the acquired entities to perform as expected and our inexperience in various aspects of the economic and legal framework of overseas markets.

In addition, we face competition from banks in other countries that may have more experience and resources in those countries or in international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture or complying with unfamiliar laws and regulations. If we do not effectively manage our foreign operations and expansion, we may lose money in these countries, which could adversely affect our business and results of operations.

If we fail to maintain desired levels of customer deposits or loans, our business operations may be adversely affected.

Customer deposits are our primary source of funding. However, many factors affect the growth of deposits, some of which are beyond our control, such as economic and political conditions, competition, availability of investment alternatives and retail customers' changing perceptions toward savings. For example, retail customers may reduce their deposits and increase their investment in securities for a higher return, while SMEs and mid-corporate customers may reduce their deposits in order to fund projects in a favorable economic environment. In the event of a decrease in deposits, we may be required to pay higher interest rates to attract deposits, which could adversely affect our performance. If we fail to maintain our desired level of deposits, our liquidity position, financial condition and results of operations may be materially and adversely affected. In such event, we may need to seek more expensive sources of funding, and it is uncertain whether we will be able to obtain additional funding on commercially reasonable terms as and when required. Our ability to raise additional funds may be impaired by factors over which we have little or no control, such as deteriorating market conditions or severe disruptions in the financial markets.

Conversely, we may not be able to reduce our deposits if we experience surplus liquidity. We must find ways to lend surplus funds to existing or new borrowers in order to earn interest income and protect our net interest margin. If we cannot secure sufficient loan volumes or earn sufficient interest on our lending, due to economic conditions or other factors, our ability to earn income and maintain and increase our net interest margin may be adversely affected along with our business and results of operations.

We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money laundering ("**AML**") and anti-terrorism laws and other regulations in India and in other jurisdictions where we have operations. These laws and regulations require us, among other things, to adopt and enforce know-your-customer ("**KYC**") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While we have adopted policies and procedures aimed at detecting and preventing the use of our banking networks for money-laundering activities and by terrorists and terrorist related organizations and individuals generally, such policies and procedures may not completely eliminate instances where our products or services may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. Our business and reputation could suffer if any such parties use our products or services for money-laundering or illegal or improper purposes.

We are in the process of implementing new measures, such as strengthening IT-enabled restrictions, to prevent future procedural aberrations noted in our reports and the RBI's reports on the matter. However, no assurance can be made that such measures will be fully successful in preventing the violation of AML and KYC procedures and consequently the adverse effects such violations would have to our business, results of operations and financial condition.

We, or our customers, may engage in certain transactions in or with countries or with persons that are subject to U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from, directly or indirectly, investing or otherwise doing business in or with certain countries (such as Iran, Myanmar, Sudan and Syria, among others) and with certain persons or businesses that have been specifically identified by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

We provide transfer, settlement and other services to customers doing business with, or located in, countries to which certain OFAC-administered sanctions or other sanctions apply, such as Iran. Although we believe that we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we are able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions involving our participation violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. Further, investors in the Equity Shares could incur reputational or other risks as the result of our dealings, along with our customer's dealings in or with countries or with persons that are the subject of U.S. sanctions. The consequences of breaching such sanctions would adversely affect our business and results of operations.

Majority of our branches are located on premises that have been leased. The termination of any of these leases or our inability to exercise our rights under the lease agreements may cause disruption in our operations.

Majority of our premises are leased. Such leases are typically for a period of five to ten years. Although we have renewed the majority of our leases in the past, our business, financial condition, and operating results could be adversely affected if we are unable to negotiate favorable lease renewal terms for our existing branches. In case of non-renewal of our leases for our existing branches, we will be forced to procure alternative space for our existing branches. Although we procure space that satisfies the safety, operational and financial criteria for our branches, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all. Failure to identify such space can adversely affect our financial condition and results of operation.

Further, any breach of the terms and conditions of these lease agreements could result in the termination of the lease agreements and force us to establish operations at another location, which may disrupt our operations temporarily.

Additionally, we cannot assure you that all the lease agreements for our branches are adequately stamped as per the requirements of applicable laws. Any such irregularity may result in our inability to enforce our rights under such lease agreements, which may disrupt our operations and adversely affect our business, financial condition and result of operations.

Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.

We have taken out insurance within coverage consistent with industry practice in India to cover certain risks associated with our business, including money and securities in safe or transit, goods held in trust, commission, currency and buildings. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such loss or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceeded the limits of our insurance policies, it could have a material adverse effect on our business and financial condition.

Increased volatility or inflation of commodity prices in India could adversely affect the Bank's business.

In recent months, consumer and wholesale prices in India have exhibited marked inflationary trends though presently the inflationary rates have softened but it may show an upward trend time. Any increased volatility or rate of inflation of global commodity prices, in particular oil and steel prices, could adversely affect the Bank's borrowers and contractual counterparties. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Because of the importance of its retail banking portfolio and the importance of its MSME and agricultural loan portfolio to its business, any slowdown in the growth of the housing, automobile and agricultural sectors could adversely impact the Bank's business, financial condition and results of operations.

We have not yet registered our corporate logo and other intellectual property rights. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.

We have not applied for the registration of our corporate logo and other trademarks, including words and logos in connection with our business. Consequently, they do not enjoy the statutory protection accorded to a registered trademark. Further, if we do apply, our applications may or may not be allowed by the Registrar of Trademarks, and our competitors could challenge the validity or scope of the applications or these trademarks. If we fail to successfully obtain or enforce these trademarks, we may need to change our corporate logo. Any such change could adversely affect our branding and may have an adverse effect on our business, reputation and, consequently, on our results of operation, cash flows and financial condition.

There can be no assurance that third parties will not infringe on our intellectual property, causing damage to our business prospects, reputation and goodwill. We may need to litigate to protect our intellectual property or to defend against third party infringement. Additionally, we may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. Any failure to obtain registrations for our intellectual property rights or any inability to use or protect our intellectual property could affect our relationships with our customers and our ability to market our business, which could materially and adversely affect our business, cash flows, results of operations and financial condition.

Risks Relating to India

Any downgrading of India's debt rating by an international rating agency could adversely affect the Bank's business and its liquidity.

Because the Bank's foreign currency ratings are pegged to India's sovereign ceiling, any adverse revision to India's credit rating for international debt will have a corresponding effect on the Bank's ratings. Any adverse change in the Bank's ratings may limit its access to capital markets and decrease its liquidity.

If the Bank is unable to complete the Issue, it may be required to find alternative methods of increasing its capital.

The purpose of the Issue of the shares is to allow the Bank to strengthen its capital position. If the Bank is unable to complete the Issue, it will need to assess its capital position and may be required to find alternative methods for achieving requisite capital ratios. There can be no assurance that any of these alternative methods would be successful in increasing the Bank's capital ratios sufficiently or on the timetable currently envisaged. If the Bank is unable to increase its core Tier I capital ratios sufficiently, its credit ratings may drop and its cost of funding may increase, thereby affecting profitability.

A significant change in the Government's policies could adversely affect the Bank's business and the trading price of our shares.

The Bank's assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. The Government's economic policies have had and could continue to have a significant effect on public sector entities, including the Bank, and on market conditions and prices of Indian securities, including securities issued by the Bank.

Financial instability in India, other countries where the Bank has established operations, or globally could adversely affect the Bank's business and the trading price of our shares.

The Indian economy is influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. A loss of investor confidence in the financial systems of other emerging markets and countries where the Bank has established operations or any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business. The global credit and equity markets have recently experienced substantial dislocations, liquidity disruptions and market corrections. In recent months, the European sovereign debt crisis, the unrest in the Middle East and liberalization of Iran trading in oil has further plummeted crude oil prices and has led to renewed concerns of global financial stability and increased volatility in debt and equity markets.

These and other related events have had a significant impact on the global credit and financial markets as a whole. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on the Bank's cost of funding, loan portfolio, business, future financial performance and the trading price of our shares. Adverse economic developments overseas in countries where the Bank has operations could have a material adverse impact on the Bank and the trading price of our shares.

Natural calamities could adversely affect the Indian economy, the Bank's business and the price of the securities of Banks.

India has experienced natural calamities such as earthquakes, floods and drought in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in current fiscal, many parts of India received significantly less than normal rainfall and as stated earlier this will increase our NPAs from the direct and indirect finance to the Agricultural sector under the RBI mandated Priority Lending. Further prolonged spells of below or above normal rainfall or other natural calamities could adversely affect the Indian economy and the Bank's business, especially in view of the Bank's sizeable exposure to agricultural borrowers.

If regional hostilities, terrorist attacks or social unrest in some parts of the country increase, the Bank's business and the trading price of the securities could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities both internally and with neighboring countries. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armament and Kashmir. In November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital, which resulted in the loss of life, property and business. India has also experienced terrorist attacks in other parts of the country. Further, there are recent aggravated tensions with Pakistan along the Indo-Pak Border, which continued throughout the 2015 calendar year. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Bank's business, its future financial performance and the trading price of the Bank's Securities. Further, India has also experienced social unrest in some parts of the country. If such tensions spread and lead to overall political and economic instability in India, it may adversely affect the Bank's business, future financial performance and the trading price of the Securities.

Financial difficulties and other problems in certain financial institutions in India could adversely affect the Bank's business and the price of the securities of Bank.

The Bank is exposed to the risks inherent in the Indian financial system. These risks are driven by the financial difficulties faced by certain Indian financial institutions, whose commercial soundness may be closely interrelated as a result of credit, trading, clearing or other relationships amongst them. This risk, which is sometimes referred to as systemic risk, may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom the Bank interacts on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect the Bank's business and the trading price of the securities of the Bank. As the Indian financial system operates within an emerging market, the Bank faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

The effects of the planned convergence with, the Indian Accounting Standards Rules issued under Notification on 16 February 2015, are uncertain.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with IFRS which is imbibed in the Indian Accounting Standards Rules issued under Notification on February 16, 2015 ("**INDAS 2015**") However, *Ministry of Corporate Affairs vide press release dated January 18, 2016 has drawn road map for adoption of Ind AS*. Scheduled Commercial Banks (excluding regional rural banks) would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. There can be no assurance that the Bank's adoption of INDAS 2015 will not adversely affect its reported results of operations or financial condition. Notwithstanding the roadmap for companies, the holding subsidiary, joint ventures or associates of Scheduled Commercial Banks would be required to Ind AS based financial statements, April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. The Scheduled Commercial Banks (excluding regional rural banks) shall apply Ind AS only if they meet the specified criteria, they shall not be allowed to voluntarily adopt Indian Accounting Standards. We are not sure how the adoption of new standard will affect our financial results, we are also not sure whether we will be able to meet the specified criteria.

The proposed new taxation system could adversely affect our business and the price of the shares.

The Government proposes to introduce two major reforms in Indian tax laws, namely the Goods and Services Tax and in system of Direct Taxation. The Goods and Services Tax would replace the indirect taxes on good and services such as central excise duty, service tax, customs duty, central sales tax, surcharge and cess currently being collected by the central and state governments. Also, the Direct Tax Code introduced by earlier Government has lapsed. The Indian Government has setup a high level committee under a retired high court Judge to suggest simplification of Income Tax laws. The committee has submitted its first set of recommendations; since the tax systems are likely to be changed, we are not sure as to how this will impact our Bank.

Risks Relating to the Issue

An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of Equity Shares in the Issue, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the BSE and the NSE and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

The price of our Equity Shares may be volatile.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy, significant developments in India's financial regime, volatility in the Indian and global securities market, performance of our competitors, the Indian banking industry and the perception in the market about investments in the banking industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

There may be less information available about us in the Indian securities markets than in securities markets in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, shareholders may have access to less information about our business, results of operations and financial condition and those of our competitors that are listed on the BSE and the NSE and other stock exchanges in India on an ongoing basis, compared to the access to information shareholders may have in relation to companies subject to the reporting requirements of other more developed countries.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

The regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder of our Bank than as a shareholder of a corporation in another jurisdiction. In addition, as a shareholder in an Indian bank, your rights as a shareholder may be further constrained by Indian banking laws and regulations.

Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of the Equity Shares, independent of our operating results.

The Equity Shares are quoted in Rupees on the BSE and NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

Any future issuance of Equity Shares by us or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

We cannot guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE or the NSE in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE or the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares within 12 months in an Indian company are generally taxable in India. Any gain realized on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. The above statements are based on the current tax laws. However, the Government has proposed the introduction of the Direct Taxes Code ("**DTC**"), which will revamp the implementation of direct taxes. If the same is passed in present form by both houses of the Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact mentioned above will be altered by the DTC.

Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the exceptions in the foreign exchange regulations, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows and Indian banking regulations.

The amount of future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness and capital expenditures. In addition, as an Indian bank, our ability to pay dividends is subject to restrictions under Indian banking regulations. See "—*Banking is a heavily regulated industry and material changes in the regulations which govern us could cause our business to suffer*". We cannot assure you that we will be able to pay dividends in the future.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker, and may change the percentage limit of the circuit breaker from time to time without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot give any assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at any particular point in time.

MARKET PRICE INFORMATION

The Equity shares of the Company are listed on the BSE and the NSE with effect from the year 2000. Stock market data for our equity shares has been given separately for the BSE and the NSE. As our Equity shares are traded on both the BSE and the NSE, stock market data has been given separately for each of these Stock Exchanges.

The high and low closing prices recorded on the BSE and the NSE for the preceding three fiscals and the number of Equity shares traded on the days the high and low prices were recorded are stated below.

NSE DATA

Year ending March	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high(₹Lacs)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low(₹Lacs)	Average price for the year
2014	69.45	3-Apr-13	775,593	528.14	37.00	19-Aug-13	1,333,700	510.44	50.89
2015	89.95	6-Jun-14	3,313,390	2,936.56	40.60	27-Mar-15	2,514,373	1,041.86	61.62
2016	47.50	15-Apr-15	1,667,696	777.96	20.85	12-Feb-16	2,161,506	472.75	34.40

(Source: www.nseindia.com)

BSE DATA

Year ending March	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high(₹Lacs)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low(₹Lacs)	Average price for the year
2014	69.50	3-Apr-13	106,736	72.89	37.15	19-Aug-13	164,695	63.23	50.89
2015	89.90	6-Jun-14	508,734	451.28	40.70	27-Mar-15	266,355	110.49	61.61
2016	47.50	15-Apr-15	170,263	79.55	21.10	12-Feb-16	420,600	92.23	34.40

(Source: www.bseindia.com)

BSE 6 MONTHS DATA

Month	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high(₹Lacs)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low(₹Lacs)	Average price for the month	Total number of trading days
Apr-16	32.65	28-Apr-16	189,900	60.48	29.50	8-Apr-16	77,723	23.25	31.05	18
Mar-16	29.45	30-Mar-16	291,475	82.92	24.30	1-Mar-16	123,656	30.75	27.21	19
Feb-16	26.20	8-Feb-16	107,058	27.67	21.10	12-Feb-16	420,600	92.23	23.99	21
Jan-16	31.75	1-Jan-16	143,370	44.59	24.55	20-Jan-16	216,950	54.66	27.81	20
Dec-15	33.55	2-Dec-15	93,591	30.59	30.25	14-Dec-15	101,238	30.99	31.09	22
Nov-15	33.05	24-Nov-15	336,873	107.47	29.55	2-Nov-15	1,934,582	591.83	31.01	19

(Source: www.bseindia.com)

NSE 6 MONTHS DATA

Month	High	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high(₹Lacs)	Low	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low(₹Lacs)	Average price for the month	Total number of trading days
Apr-16	32.70	28-Apr-16	11,188,513	3,518.65	29.50	8-Apr-16	601,915	180.00	31.05	32.70
Mar-16	30.50	31-Mar-16	1,985,057	596.11	24.15	1-Mar-16	700,017	174.15	27.35	30.50
Feb-16	26.20	8-Feb-16	1,297,624	335.39	20.85	12-Feb-16	2,161,506	472.75	23.99	26.20
Jan-16	31.80	4-Jan-16	1,094,702	339.01	24.50	20-Jan-16	1,328,596	333.52	27.79	31.80
Dec-15	33.40	1-Dec-15	1,819,441	597.90	30.20	14-Dec-15	1,006,341	307.83	31.10	33.40
Nov-15	33.15	24-Nov-15	2,885,083	914.21	29.55	2-Nov-15	17,839,054	5,451.61	31.00	33.15

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The gross proceeds from the Issue are expected to be approximately ₹261.94 crore.

The net proceeds from the Issue, after deducting fees and commissions for the Issue, are expected to be approximately ₹259.00 crore (the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds of the Issue, for meeting capital requirements in accordance with the capital adequacy norms and ensuring adequate capital to support growth and expansion, including enhancing our solvency and capital adequacy ratio and general corporate purposes.

The Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALISATION STATEMENT

The following table sets forth our capitalization as at March 31, 2015 on an:

- actual basis; and
- as adjusted basis to give effect to the Issue

You should read this table together with the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 53 and our audited standalone financial results as of and for the year ended March 31, 2015 (audited) and the related notes thereto contained in the section "Financial Statements" on page F-1.

Particulars	As of March 31, 2015	As adjusted for the Issue
	₹crore	**₹crore**
Liabilities		
Deposits		
Demand Deposits		
i) From Banks	41	41
ii) From Others	14,599	14,599
Saving Bank Deposits	47,101	47,101
Term Deposits		
i)From Banks	599	599
ii)From others	183,708	183,708
Total Deposits	**246,049**	**246,049**
Other Liabilities	5,715	5,715
Borrowings		
Borrowings	18,232	18,232
Total Other Liabilities	**269,996**	**269,996**
Shareholders' funds		
Share Capital*	1,235	1,327
Reserves and Surplus*	14,406	14,576
Total shareholders' funds	**15,641**	**15,903**
Total Liabilities	**285,637**	**285,899**

* Shareholders' funds (Share Capital + Reserves and Surplus) adjusted for the Issue includes issue of 48,56,17,597 Equity Shares through a preferential allotment to the Government of India in October, 2015. Further, we allotted 86, 299, 771 Equity Shares through a preferential allotment to the Life Insurance Corporation of India in April, 2016.

DIVIDENDS

The Bank has paid dividends every year since Fiscal Year 2000-01 (except during FY2014-15). These dividends are generally declared at the end of the Fiscal Year. The following table sets forth, for the periods indicated, the dividend per Equity Share and the total amount of dividends declared on the Equity Shares, both inclusive of dividend tax.

Fiscal Year	Dividend Per Equity Share (₹)	Total Dividend Paid (₹crore)
2015	Nil	Nil
2014	1.20	168.19*

** inclusive of dividend distribution tax*

The payment of dividend is governed by Government of India and RBI guidelines and in accordance with dividend policy framed by the Board. More over the payment of dividend will depend upon our revenues, cash flows, financial condition (including conservation of capital position) and other factors. Accordingly, we cannot provide any assurance that the target payout ratio will be realized. For a description of regulation of dividends, see the section "*Supervision and Regulation*" on page 82. Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited financial statements for the years ended March 31, 2013, March 31, 2014 and March 31, 2015 and our limited reviewed interim financial statements for the nine-month period ended December 31, 2015 included in this placement document. Also refer the sections "Selected Financial and Other Information" and "Selected Statistical Information" included in this placement document.

We prepare our financial statements in accordance with Indian GAAP. The financial statements reflect applicable statutory requirements and regulatory guidelines and accounting practices in India. These requirements, guidelines and practices change from time to time and in accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis and the financial statements for earlier periods are not restated. For the purposes of a comparative analysis in the discussion below, previous years' figures have been reclassified wherever necessary.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. Unless otherwise specified, all information regarding cost, yield and average balances are based on daily average of balances outstanding during the relevant period.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the section "Forward-Looking Statements" on page 13, the section "Risk Factors" on page 28 and elsewhere in this placement document. Certain portions of the following discussion include information publicly available from the RBI and other sources.

Introduction

We are a leading public sector commercial bank in India, offering banking products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. Our Bank was founded on November 20, 1936 and our first branch was opened on February 10, 1937. We are one of the 14 major banks that was nationalized in 1969. As of March 31, 2016, the Government of India owned 77.32% of our Bank and, accordingly, exercises control over our management and operations.

- Chamber of Indian Micro Small & Medium Enterprises, Delhi have given the following awards for Indian Overseas Bank - 2015. –
- ➢ MSME Banking Excellence Awards 2015.
- ➢ Best Eco-Tech Savvy Bank for Mid-Sized Bank - Winner
- ➢ Best Bank under MUDRA Yojna for Mid-Sized Bank - Winner
- ➢ Best Bank for Promotional Scheme for Mid-Sized Bank - Runner Up

We are engaged in a wide variety of banking activities, such as corporate, micro, small and medium-sized enterprises ("***MSME***") and retail banking, and offer a wide range of financial products and services to corporate, SME and retail customers, including both resident and non-resident Indians. We also provide funding to sectors identified by the Government as Priority Sectors, with specific focus on agriculture and MSME. Our corporate and SME banking services to Indian corporates include providing project and corporate finance, working capital, short term credit, cash management, forex loan products such as export import credit, LC, LG, buyers' credit. Our Bank also handles treasury functions of State and Central Governments. Our retail banking services include consumer lending and deposit services. We offer a wide range of consumer credit products, including personal loans, home loans, vehicle loans, education loans, mortgage loans, jewel loans and credit card services. Our deposit products include savings accounts, time deposits and tailored deposit products for customers in various sectors, such as accounts for high net worth individuals, non-resident Rupee accounts, annuity-linked deposit schemes and tax-saving deposit products.

Our other businesses include merchant banking, bancassurance (marketing of life and non-life insurance products), international banking, sale of mutual fund products, corporate cash management services, trustee and taxation services, agricultural lending and depository services. We also undertake the sale of life insurance with LIC of India and general insurance products through our joint venture Company, Universal Sompo General Insurance, a joint venture between Indian Overseas Bank, Allahabad Bank, Sompo Japan Insurance Inc., Karnataka Bank and Dabur Investments. Our Bank also markets health insurance products of Apollo Munich Health Insurance Company Limited.

Our total assets have increased from ₹244,656.03 crore as of March 31, 2013 to ₹285,636.98 crore as of March 31, 2015 at a CAGR of 8.0% and our total deposits have grown from ₹202,135.35 crore as of March 31, 2013 to ₹246,048.72 crore as of March 31, 2015 at a CAGR of 10.3%. Our total advances have increased from ₹160,364.12 crore as of March 31, 2013 to ₹171,756.02 crore as of March 31, 2015 at a CAGR of 3.5%. Our total income has increased from ₹22,649.63 crore as of March 31, 2013 to ₹26,076.93 crore as of March 31, 2015 at a CAGR of 7.3%. Our net profit decreased from ₹567.23 crore for the year ended March 31, 2013 to a loss of ₹454.33 crore for the year ended March 31, 2015. In addition, the number of our branches has increased from 2,908 as of March 31, 2013 to 3,403 as of December 31, 2015 at a CAGR of 8.2%. As of December 31, 2015, our Bank's total deposits were ₹230,670 crore and our total advances were ₹179,349 crore. Our Bank's total income was ₹19,887.83 crore as of December 31, 2015 on which we incurred a net loss of ₹1,961.13 crore.

History of our Bank

CY	Significant Milestone
1936	Indian Overseas Bank was founded by Shri M.Ct.M Chidambaram Chettiar
1937	Business commenced in three branches simultaneously on inaugural day itself--both in India and abroad
1957	Established 1st Training Centre
1968	Established a full-fledged Agricultural Department
1984	Established 1000th Branch
1998	Got Autonomous status
1999	1st Bank to obtain ISO 9001 Certification for Computer Policy and Planning Department
2000	Initial Public Offer
2001	Bagged NABARD's award for credit linking the highest number of Self-Help Groups among banks in Tamil Nadu
2001	Pilot run of Phase I of the Internet Banking commenced covering 34 branches in 5 Metropolitan centers
2001	Bank Paid maiden dividend of 10%
2003	Follow on Public Offer
2005	Launched Debit Card
2006	Net Profit reached ₹1000 crore
2009	100% Core Banking Solution
2009	Launched Mobile Banking
2010	Established 2,000th Branch
2013	Established 3000th Branch
2015	Bank Surpassed the Landmark of 3,000 ATMs
2016	All branches successfully migrated from in house CBS platform "CROWN" to FINACLE.

OUR STRENGTHS

Strong brand recognition and extensive network

We are committed to improving our customer delivery experience and towards this end, have continually invested in more points-of-presence for service delivery to our retail and corporate customers alike. As of December 31, 2015, our Bank had 3,403 branches. In addition to our domestic branches, we also have 8 foreign branches, three representative offices, two remittance centers and a joint venture in Malaysia.

Additionally, in order to develop niche areas of service, as of December 31, 2015, our Bank's branches included 66 specialized service branches, which consisted of 26 SME branches, 8 prime corporate and 16 mid-corporate branches and 16 asset recovery management branches, among others. In addition, as of December 31, 2015, our Bank had opened e-corridors in select branches with facilities such as ATMs, cash deposit kiosks, cheque deposit kiosks, self-printing passbook kiosks, internet banking terminals, online trading terminals, corporate website access and interactive video conference systems.

We have also significantly increased our total number of ATMs from 1,883 as of March 31, 2013, to 2,533 as of March 31, 2014, to 3,571 as of March 31, 2015, to a total of 3,780 ATMs as of December 31, 2015.

Diverse product and service mix

Our extensive network allows us to provide banking services to a wide variety of customers, including large and small to medium corporations, institutions and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers throughout India. Our assets are diversified across business segments, industries, and groups, which gives us stability. Moreover, we offer a full range of banking products and services including short-term and long-term deposits, secured and unsecured loans, internet banking, credit cards, life insurance, merchant banking and agricultural banking products and project finance loans. As a result of our extensive network and product offerings, we are able to meet our customers' diverse banking needs.

Scalable Technology Infrastructure

Over the years we have invested heavily in increasing the use of technology not only from a user interface perspective, but also internally. Our technology has helped us in ensuring automated data flow between departments, thereby increasing the effectiveness of our commitment to our customers and reducing lead and turnaround times. In recognition of our efforts, we were awarded the IBA award for The Best use of Data in FY16 and also received the Skoch Order of Merit for Financial Inclusion & Automated Data Flow/MIS Project.

In order to ensure scalability of our operations and increase the efficacy of our risk management systems while improving the user experience, our Bank is migrating from the in-house CBS Solution, Crown, to Finacle, which is used by banks across 84 countries and serves over 45 crore customers. We believe that this will allow us to focus our energies on strengthening processes and systems. As on date all the branches of our Bank Branches have been migrated to the new Finacle platform. Finacle End User Training is being conducted at Staff Training College, Chennai and at 12 Staff Training Centers across the country in which 9,982 staff members have been trained so far.

In order to improve the quality of decision making and asset quality, our bank has introduced the Business Intelligence(BI) Suite, which gives interactive dashboards and alerts and allows for advanced analytics. In addition, we have put in systems to store large amounts of data with.

Efficient Asset Liability Management

Our Bank funds its loan assets mainly through deposits for its domestic operations. However, in overseas branches a portion of the loan assets are funded through interbank borrowings apart from funding through deposits. The Bank maintains an Efficient Asset Liability Management through bucket wise classification of assets and liabilities which is monitored at regular interval by a ALCO committee.

We have also maintained a steady CASA deposit base through our wide network of branches, our CASA as a percentage of total domestic deposits were at 25.35%, 25.89%, 26.96% and 26.32% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015. Further, our credit to deposit ratio has also remained steady at 72.77%, 73.73%, 74.13% and 77.75% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015.

We have also ensured that our provision coverage ratio, which was at 50.92%, 54.94%, 58.89% and 50.36% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015, respectively, is able to absorb the impact of our non-performing loan portfolio.

OUR STRATEGY

Our long term strategy is to emerge as a global bank, with best practices with respect to asset portfolio management, customer orientation, product innovation, profitability and corporate governance, and to enhance value for our shareholders.

In the medium term, our key business strategy includes:

Focus on capital optimization and profit maximization

We have put in place a robust risk management architecture with due focus on maximizing our business operations that will in turn maximize profit or return on equity. To enable a more efficient, equitable and prudent allocation of resources, we will benchmark our operations on globally accepted, sound risk management systems and conform to the Basel III framework, particularly in relation to capital adequacy. To counter the impact of the NPAs on our Bank's financial position, our Bank is following a multi-pronged approach including creation of a robust follow up and recovery mechanism that is monitored from the head office and creation of specialized NPA recovery branches to takeover high value NPAs from branches.

Further, we aim to reduce our dependence on high cost deposits and have already managed to decrease this from ₹26,200 crores in FY15 to ₹7,250.17 crore as on December 31, 2015. This we believe, will help in reducing our cost of funds.

We further aim to improve productivity by creating a culture of cost control and cost consciousness internally by striking an efficient and effective balance between people, processes and technology through the optimal allocation and utilization of resources.

Further improve our cost of funds by focusing on CASA

Our business had been facing pressures, coupled with an increase in the high-cost deposits, our CASA deposits as a percentage of the total deposits had been declining at 26.96%, 25.89% and 25.35% for the financial years ended 2013, 2014 and 2015, respectively, however our marketing campaigns and incentives to increase our CASA deposits is beginning to show results with an increase in our CASA deposits as of December 31, 2015 to 26.3% of total deposits, thereby helping in marginally reducing our cost of funding. Our focus is on expanding our customer base through our existing network of branches, which we believe will help in increasing our CASA deposits.

Focus on fee based income

We intend to focus on increasing our fee based income by focusing on *bancassurance*, cross-selling of mutual fund products, corporate cash management, industrial advisory, depository, syndicate desk, merchant banking, trustee and taxation related services. We intend to grow our income from fee based services by introducing new products and services and by cross-selling our offerings to our existing customers. We also intend to pursue strategic relationships with corporate entities and Government departments to provide our products to their employees and customers.

Critical Accounting Policies

We have set forth below some of our critical accounting policies under Indian GAAP. Our financial statements are prepared in accordance with Indian GAAP as applicable to banks. The preparation of the financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses as well as the disclosure of contingent liabilities. The notes to the financial statements contain a summary of our significant accounting policies. Certain of these policies are critical to the portrayal of our financial condition, since they require management to make subjective judgments, some of which may relate to matters that are inherently uncertain. Below is a discussion of these critical accounting policies. We base our estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. As a result of changes in applicable statutory requirements, regulatory guidelines and accounting practices in India, our accounting policies may have undergone changes during the periods covered by this discussion. Accordingly, this discussion should be read in conjunction with our financial statements and notes as applicable during the respective fiscal year.

Set forth below are some of our critical accounting policies under Indian GAAP for the financial year 2015:

1. **Basis of Preparation**

1.1. The financial statements have been prepared under the historical cost convention unless otherwise stated. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions, regulatory / Reserve Bank of India (RBI) guidelines, Accounting Standards / Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) and practices prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with.

Use of Estimates

1.2. The preparation of financial statements requires the Management to make estimates and assumptions which are considered in the reported amounts of assets and liabilities (including Contingent Liabilities) as of the date of the financial statements and reported income and expense for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. Revenue Recognition and Expense Accounting

2.1. Income is recognized on accrual basis on performing assets and on realization basis in respect of non-performing assets as per the prudential norms prescribed by Reserve Bank of India. Recovery in Non-Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts and accounts under One Time Settlement, where it would be appropriated towards principal.

2.2. Interest on bills purchased/Mortgage Backed Securities, Commission (except on Letter of Credit/Letter of Guarantee/ Government Business), Exchange, Locker Rent and Dividend are accounted for on realization basis.

2.3. Income from consignment sale of precious metals is accounted for as Other Income after the sale is complete.

2.4. Expenditure is accounted for on accrual basis, unless otherwise stated.

2.5. In case of matured overdue Term Deposits, interest is accounted for as and when deposits are renewed. In respect of Inoperative Savings Bank Accounts, unclaimed Savings Bank accounts and unclaimed Term Deposits, interest is accrued as per RBI guidelines.

2.6. Legal expenses in respect of Suit Filed Accounts are charged to Profit and Loss Account. Such amount when recovered is treated as income.

2.7. In respect of foreign branches, Income and Expenditure are recognized / accounted for as per local laws of the respective countries.

3. Foreign Currency Transactions

3.1. Accounting for transactions involving foreign exchange is done in accordance with Accounting Standard (AS) 11, "The Effects of Changes in Foreign Exchange Rates", issued by The Institute of Chartered Accountants of India.

3.2. Transactions in respect of Treasury(Foreign):

a) Foreign Currency transactions except foreign currency deposits and lending are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction. Foreign Currency deposits and lending are initially accounted at the then prevailing FEDAI weekly average rate.

b) Closing Balances in NOSTRO and ACU Dollar accounts are stated at closing rates. All foreign currency deposits and lending including contingent liabilities are stated at the FEDAI weekly average rate applicable for the last week of each quarter. Other assets, liabilities and outstanding forward contracts denominated in foreign currencies are stated at the rates on the date of transaction

c) The resultant profit or loss on revaluation of all assets, liabilities and outstanding forward exchange contracts including contingent liabilities at year-end exchange rates advised by FEDAI is taken to revenue with corresponding net adjustments to "Other Liabilities and Provisions"/" Other Asset Account" except in case of NOSTRO and ACU Dollar accounts where the accounts stand adjusted at the closing rates.

d) Income and expenditure items are translated at the exchange rates ruling on the date of incorporating the transaction in the books of accounts.

3.3. Translation in respect of overseas branches

a) As stipulated in Accounting Standard 11, all overseas branches are treated as Non Integral Operations

b) Assets and Liabilities (including contingent liabilities) are translated at the closing spot rates notified by FEDAI at the end of each quarter

c) Income and Expenses are translated at quarterly average rate notified by FEDAI at the end of each quarter

d) The resulting exchange differences are not recognized as income or expense for the period but accumulated in a separate account "Foreign Currency Translation Reserve" till the disposal of the net investment

4. Investments

4.1. Investments in India are classified into "Held for Trading", "Available for Sale" and "Held to Maturity" categories in line with the guidelines from Reserve Bank of India. Disclosures of Investments are made under six classifications viz.,

a) Government Securities
b) Other Approved securities including those issued by local bodies
c) Shares
d) Bonds & Debentures
e) Subsidiaries /Joint Ventures
f) Units of Mutual Funds and Others

4.2. Interest on Investments, where interest/principal is in arrears for more than 90 days and income from Units of Mutual Funds, is recognized on realization basis as per prudential norms

4.3. Valuation of Investments is done in accordance with the guidelines issued by Reserve Bank of India as under:

4.3.1. Individual securities under "Held for Trading" and "Available for Sale" categories are marked to market at quarterly intervals. Central Government securities are valued at market rates declared by FIMMDA. Securities of State Government, other Approved Securities and Bonds & Debentures are valued as per the yield curve, credit spread rating-wise and other methodologies suggested by FIMMDA. Quoted equity shares are valued at market rates, Unquoted equity shares and units of Venture Capital Funds are valued at book value /NAV ascertained from the latest available balance sheets, otherwise the same are valued at Re. 1/- per company /Fund. Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost. Units held in Mutual fund schemes are valued at Market Price or Repurchase price or Net Asset Value in that order depending on availability. Valuation of Preference shares is made on YTM basis with appropriate markup over the YTM rates for Central Government Securities put out by the PDAI/FIMMDA periodically. Based on the above valuations under each of the six classifications, net depreciation, if any, is provided for and net appreciation, if any, is ignored. Though the book value of individual securities would not undergo any change due to valuation, in the books of account, the investments are stated net of depreciation in the balance sheet.

4.3.2. "Held to Maturity": Such investments are carried at acquisition cost/amortized cost. The excess, if any, of acquisition cost over the face value of each security is amortized on an effective interest rate method, over the remaining period of maturity. Investments in subsidiaries, associates and sponsored institutions and units of Venture capital funds are valued at carrying cost

4.4. Investments are subject to appropriate provisioning / de -recognition of income, in line with the prudential norms prescribed by Reserve Bank of India for NPA classification. Bonds and Debentures in the nature of advances are also subject to usual prudential norms and accordingly provisions are made, wherever applicable

4.5. Profit/Loss on sale of Investments in any category is taken to Profit and Loss account. In case of profit on sale of investments in "Held to Maturity" category, profit net of taxes is appropriated to "Capital Reserve Account".

4.6. Broken period interest, Incentive / Front-end fees, brokerage, commission etc. received on acquisition of securities are taken to Profit and Loss account.

4.7. Repo / Reverse Repo transactions are accounted as per RBI guidelines.

4.8. Investments held by overseas branches are classified and valued as per guidelines issued by respective overseas Regulatory Authorities.

5. Advances

5.1. Advances in India have been classified as 'Standard', 'Substandard', 'Doubtful' and 'Loss assets' and provisions for losses on such advances are made as per prudential norms issued by Reserve Bank of India from time to time. In case of overseas branches, the classification and provision is made based on the respective country's regulations or as per norms of Reserve Bank of India whichever is higher

5.2. Advances are stated net of provisions except general provisions for standard advances

6. Derivatives

6.1. The Bank enters into Derivative Contracts in order to hedge interest bearing assets/ liabilities, and for trading purposes

6.2. In respect of derivative contracts which are entered for hedging purposes, the net amount receivable/payable is recognized on accrual basis. Gains or losses on termination on such contracts are deferred and recognized over the remaining contractual life of the derivatives or the remaining life of the assets/ liabilities, whichever is earlier. Such derivative contracts are marked to market and the resultant gain or loss is not recognized, except where the derivative contract is designated with an asset/ liability which is also marked to market, in which case, the resulting gain or loss is recorded as an adjustment to the market value of the underlying asset/ liability

6.3. Derivative contracts entered for trading purposes are marked to market as per the generally accepted practices prevalent in the industry and the changes in the market value are recognized in the profit and loss account. Income and expenses relating to these contracts are recognized on the settlement date. Gain or loss on termination of the trading derivative contracts are recorded as income or expense.

7. Fixed Assets

7.1. Fixed Assets except revalued premises are stated at historical cost

7.2. Depreciation is provided on straight-line method at the rates considered appropriate by the Management as under:

Fixed Asset	Percentage
Premises	2.5%
Furniture	10%
Electrical Installations, Vehicles & Office Equipments	20%
Computers	33 1/3%
Fire Extinguishers	100%

7.3. Depreciation is provided for the full year irrespective of the date of acquisition / revaluation.

7.4. Depreciation is provided on Land and Building as a whole where separate costs are not ascertainable

7.5. In respect of leasehold properties, premium is amortized over the period of lease

7.6. Depreciation on Fixed Assets of foreign branches is provided as per the applicable laws/practices of the respective countries

8. Staff Benefits

8.1. Contribution to Provident Fund is charged to Profit and Loss Account

8.2. Provision for gratuity and pension liability is made on actuarial basis and contributed to approved Gratuity and Pension Fund. Provision for encashment of accumulated leave payable on retirement or otherwise is based on actuarial valuation at the year-end. However, additional liability accrued during the year on account of Re-opening of pension option and enhancement of Gratuity limit is being amortized over a period of five years

8.3. In respect of overseas branches gratuity is accounted for as per laws prevailing in the respective countries

9. Tax on Income

This comprises provision for current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income & taxable income for the period) as determined in accordance with Accounting Standard 22 of ICAI, “Accounting for taxes on income”. Deferred tax is recognized subject to consideration of prudence in respect of items of income and expenses those arise at one point of time and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change

10. Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, “Earnings Per Share”, issued by The Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net profit for the year by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti-dilutive

11. 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 exceed their estimated recoverable amount

12. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. Contingent Assets, if any, are not recognized or disclosed in the financial statements.

Factors Affecting Results of Operations and Financial Condition

The world economy continues to dabble with weak growth and dwindling inflation. Global markets continue to remain sluggish with the impact of US returning to normalcy with a rate hike, lower commodity markets and a strengthening dollar. Asset classes across the board witnessed volatile movements during the year with uncertainty rising from the Chinese slowdown and US unwinding of quantitative measures. Going forward, the Chinese rebalancing from an investment led economy to one driven by consumption apart from the US Fed rate movement would be closely watched by investors across the globe. We believe next year is likely to remain a constrained year for global growth with headwinds emerging from the above mentioned factors and no or limited scope for acceleration in growth in other major economies of the world.

The Indian economy bucked the trend in 2015 when most of the emerging market economies witnessed significant external vulnerabilities owing to positive external balance and a stable public policy. Although the rising NPAs in the banking system and strong headwinds in the global economy did have an impact on Indian economy, it was largely stable when compared to its peers.

The Indian economy currently stands at a strong footing with the interest rate rolling downwards, key macro variables like CAD and Fiscal deficit mostly under control and the government's continued push for reforms and ease of doing business. International agencies continue to remain positive on India with an expected growth for 2016 pegged at 7.50 percent.

The Indian banking industry is regulated by the RBI and operates within a framework that provides guidelines on capital adequacy, corporate governance, management, anti-money laundering and provisioning for NPAs. The framework also stipulates required levels of lending to "priority sectors," such as agriculture, which may expose the Bank to higher levels of risk than it otherwise might face. The RBI can alter any of these policies at any time and can introduce new regulations to control any particular line of business. See "*Regulations and Policies - The RBI and its regulations*".

The RBI responds to fluctuating levels of economic growth, concerns about banks' liquidity position and inflationary pressures in the economy by adjusting the required CRR of Indian banks. When the CRR increases, the Bank must hold more cash in its reserves, which constrains the Bank's ability to deploy those funds by making advances to customers or investing the funds for potential gains.

Discussion on our results from operations

The Bank's asset portfolio, financial condition and results of operations have been, and are expected to be, influenced by numerous factors, including but not limited to those described below. These are expected to affect the overall growth prospects of the Bank, including its ability to expand its deposit base, the quality of its assets, the level of credit disbursed by the Bank, the value of its asset portfolio and its ability to implement its strategy.

Our total income consists of interest and dividend income as well as non-interest income. Our interest and dividend income is primarily generated by interest on loans, dividends from securities excluding dividend from associate companies, and other activities. We offer a range of loans to retail customers and working capital and term loans to corporate customers. The primary components of our investments portfolio are statutory liquidity ratio (SLR) investments, debentures and bonds and other investments. SLR investments principally consist of Government of India treasury securities. Other investments include asset-backed securities, mortgage-backed securities, deposit certificates issued by banks, placements made to comply with the extant Reserve Bank of India guidelines on shortfalls in directed lending sub-limits as well as equity securities and units of mutual funds. Interest income from other activities consists primarily of interest from inter-bank placements.

Our interest expense includes interest on deposits as well as on borrowings including interest expense on our inter-bank borrowings (including deposits taken under the credit support annex agreements), bills re-discounted (BRDS) transactions, bank risk participation (IBPC) transactions and securities sold under repurchase agreements (repo transactions) with the RBI, such as under the RBI's liquidity adjustment facility/marginal standing facility of the RBI. Our interest income and expense are affected by fluctuations in interest rates as well as volume of activity. Our interest expense is also affected by the extent to which we fund our activities with savings and current account deposits, and the extent to which we rely on borrowings. Our provisions and contingencies include specific provisions for non-performing assets (NPAs), general provisions on standard assets, floating provisions and provisions for legal and other contingencies.

We also use net interest margin and spread to measure our results.Net interest margin represents the ratio of net interest income to average total assets. Spread represents the difference between yield on average interest earning assets and the cost of average interest-bearing liabilities, including current accounts which are noninterest bearing.

Nine Month Period Ended December 31, 2015 vs Nine Month Period Ended December 31, 2014

(₹ in crore)

Particulars	Nine Month Period Ended Dec 31, 2015	Nine Month Period Ended Dec 31, 2014
Interest Income	18,045.60	18,028.58
Interest Expended	13,970.76	13,900.38
Net Interest Income	**4,074.84**	**4,128.20**
Other Income	1,842.23	1,344.33
Total Income	**5,917.07**	**5,472.53**
Operating Expenses	3,745.89	3,330.36
Operating Profit	**2,171.18**	**2,142.17**
Provisions	3,947.39	2,374.69
Profit/(Loss) before Tax and Extraordinary Items	(1,776.21)	(232.52)
Tax Expenses	184.92	257.30
Net Profit (+) / Loss (-) for the period	**(1,961.13)**	**(489.82)**

Net Interest Income

Net Interest Income for the Bank decreased marginally by 1.3% to ₹4,074.84crore for the nine-month period ended December 31, 2015 from ₹4,128.20crore for the nine-month period ended December 31, 2014 on account of an increase in Interest expended by 0.51%₹13,970.76crore from ₹13,900.38crore that was marginally offset by a reduction of 0.1% in Interest income to ₹18,045.60crore from ₹18,028.58crore for periods ended nine-month period ended December 31, 2015 and December 31, 2014 respectively.

Operating Profit

Operating profit increased marginally by 1.35% in the period under review despite of a fall in the Net Interest Income. This was due to a 37% increase in our Other Income in the same period. This helped offset the fall in the Net Interest Income as well as the increase in the operating expenses.

Provisions

Due to various pressures on the sectors/businesses that our clients operate in, there were slippage for which we had to increase the provisioning for non-performing assets by 66.2% to ₹3,947.39crore for the nine-month period ended December 31, 2015 to ₹2,374.69crore for the nine-month period ended December 31, 2014.

Profit/Loss before tax and extraordinary items

Our loss before tax and extraordinary items was ₹1,776.21 crore for the nine-month period ended December 31, 2015 as against₹232.52crore for the nine-month period ended December 31, 2014 on account of increase in provisioning.

Profit/Loss after tax

Our loss after tax was ₹1,961.13 crore for the nine-month period ended December 31, 2015 as against ₹489.82crore for the nine-month period ended December 31, 2014.

Financial year ended March 31, 2015 vs. Financial year ended March 31, 2014

The table below provides the data for the financial years 2014 and 2015, expressed in absolute values as well as expressed as percentage of total income of the respective years.

Particulars (₹crore)	For the year ended March 31,			
	2015		2014	
	Amount	% of Total income	Amount	% of Total income
INCOME				
Interest earned	23,938.33	91.80%	22,683.73	91.27%
Other income	2,138.60	8.20%	2,169.34	8.73%
TOTAL INCOME	**26,076.93**	100.00%	**24,853.08**	100.00%
EXPENDITURE				
Interest expended	18,554.38	71.15%	17,106.92	68.83%
Operating expenses	4,200.21	16.11%	3,748.92	15.08%
Provisions & Contingencies (Net)	3,776.67	14.48%	3,395.50	13.66%
TOTAL EXPENDITURE	**26,531.26**	101.74%	**24,251.34**	97.58%
Net Profit / (Loss) for the year	**(454.33)**	**(1.74%)**	**601.74**	**2.42%**

Events that affected our results of operations in financial year 2015:

→ Repo rate under LAF was changed to 7.50% from the 8.00% that we started the year with.

→ Reduced SLR by 50 bps from 22% to 21.5% in Feb 2015.

→ CRR unchanged at 4% of NDTL.

→ Marginal Standing Facility rate is 8.50%.

→ Extension of the transitional period for full implementation of Basel III Capital Regulations in India up to March 31, 2019 instead of March 31, 2018.

→ Banks to utilize up to 50% (earlier 33%) of counter cyclical provisioning buffer/floating provisions held by them as of December 2014 for making specific provisions for non-performing assets.

Net Interest Income

Owing to the challenging economic scenario in the country and the sectors that our clients operate in, our net interest income fell by 3.46% from ₹5,576.81crore for the financial year ended March 31, 2014 to ₹5,383.95crore for the financial year ended March 31, 2015. This was primarily on account of an 8.46% increase in the amount of interest expended from ₹17,106.92crore in financial year 2014 to ₹18,554.38crore in financial year 2015, whereas the interest earned only increased by 5.53% for the same period.

Other Income

Other income for the financial year 2015 reduced by 1.4% to ₹2,138.60crore from ₹2,169.34crore in financial year 2014. The higher commission, exchange and brokerage earned by the bank was offset by a higher loss on revaluation of investments as well as a marginal reduction in the profit from exchange transactions causing the other income to fall.

Operating Expenses

Operating expenses increased by 12.04% YoY from financial year 2014 to 2015 that was mainly due to higher payments to and provisions for employees. Increase in rent, taxes and lighting, insurance and other expenses. This caused the proportion of operating expenses as a %age of our total income to increase from 15.08% in financial year 2014 to 16.11% for financial year 2015.

Operating Profit

On account of lower net interest income and other income, compounded by an increase in our operating expenses, our operating profit reduced by 16.88% to ₹3,322.34crore in financial year 2015 from ₹3,997.23crore financial year 2014.

Provisions and contingencies

Our provisions and contingencies for non-performing assets increased by 11.23% to ₹3,776.67crore from ₹3,395.50crore for financial year 2015 and financial year 2014 respectively. This was on account of further slippage in our non-performing assets as well as restructured assets. The financial year saw turbulence especially in sectors that our Bank has high exposure to. For the financial year 2015, our gross NPAs as a percent of gross advances increased to 8.33% from 4.98% in financial year 2014.

Net Profit

Due to the pressure on our business, caused by the performance of our assets, our net profit reduced from ₹601.74crore in financial year 2014 to a loss of ₹454.33crore in financial year 2015.

Business and operations of the Bank

Domestic Deposits

The Bank's total domestic deposits increased from ₹219,731crore as at March 31, 2014 to ₹239,819 crore as of March 31, 2015 registering a growth of 9.14%. The Bank's domestic CASA deposits increased to ₹60,786crore with a growth of 6.86% with our CASA deposits to total deposits at 25.35%. The Bank has opened more than 52 lacs CASA accounts during the year. However, there has been movement of savings deposits to term deposits due to lowering of card rate term deposit rates.

Domestic Advances

While there was traction in the economy, the sectors that our customers were operating in was yet to benefit and as a result the Bank observed lower credit growth during the year. The domestic gross advances of the Bank marginally improved to ₹162,838crore as of March 31, 2015 as against ₹161,992crore as of March 31, 2014.

Overseas Operations

Our Bank opened its eighth overseas branch at Sukhumvit, Thailand on July 4, 2014. Due to present global economic scenario and volatile exchange rate fluctuations, the overseas business as a whole slipped to ₹22,433crore as of March 31, 2015 compared to ₹27,328crore as of March 31, 2014.

Forex Operations

The total merchant turnover for 2014-15 including AD branches amounted to ₹127,421crore as against ₹130,319crore in last year. This includes the precious metal business of the Bank for 2014-15 to the tune of ₹457crore (1,010 kilograms) as against ₹1,470crore (5,768 kilograms) in the previous year. The Bank is working on the strategies to increase its share of export credit to achieve RBI target of 12% of ANBC. The Bank earned a profit from our forex operations of ₹215crore and ₹4crore from the precious metal business domestically.

Investments

Gross domestic investments as of March 31, 2015 stood at ₹78,269crore as against ₹68,006crore as on March 31, 2014 registering a growth of 15.09% over the previous year. The investments in SLR segment have registered a growth of ₹6,529crore at 11.00% during the year while Non-SLR investments have increased by 43.06% or ₹3,734crore. As on March 31, 2015, the extent of SLR securities held in Held to Maturity (HTM) has been at 22.26% of DTL against the upper limit of 23.50% prescribed by RBI compared to 21.69% as on March 31, 2014.

Rupee Derivatives

During the year 2014-15, the Bank had not traded in Rupee interest swaps or entered into any fresh hedging swaps. The outstanding in interest rate swaps was stagnant at ₹823crore as on March 31, 2015.

MSME

The Bank's share of credit to Micro, Small and Medium Enterprises (MSME) to total domestic advances has increased from 17.56% to 19.75% during the year financial year 2015. Credit to Micro and Small Enterprises has increased from ₹24,575crore to ₹28,036crore with a contribution of 88% towards priority sector advances. The number of borrower accounts under Micro Sector has increased by 13.57% as against the mandatory norms of 10%.

IOB SME EASY has been launched for the Micro and Small sector to take care of the main problems of delayed realization of receivables. To address the credit requirement of MSME in the State of Tamil Nadu, the Bank has signed a MOU with Tamil Nadu Small and Tiny Industries Association (TANSTIA). The Industries Association is sponsoring applications of the members seeking credit requirements. The Bank has also signed MOU with Confederation of Indian Industry (CII) under its Finance Facilitation Centre (FFC), United Economic Forum besides enlarging the scope of MOU with Bharatiya Yuva Sakthi Trust (BYST) by covering all categories of entrepreneurs including all SC/ST/Women beneficiaries. The Bank has conducted various road shows for display of its MSME products in association with CII under FFC, SMERA and various industries associations across the country. The Chamber of Indian Micro Small and Medium Enterprises (MSME) has awarded Banking Excellence Award to the Bank for New Initiatives made during 2013-14.

Retail Banking and Marketing

Housing and Educational Loans as major segments under retail sector have improved by 12.53% during the year. Growth under Pushpaka – Vehicle loans recorded 99% achievement. The income earned under Para Banking Products was ₹19crore for the financial year 2015.

Mid Corporate

Mid Corporate branches have incrementally contributed ₹5,040crore of Fund Based exposure and ₹761crore of Non-Fund based exposure during the financial year 2014-15. Thus the total Bank's exposure under Mid Corporate segment as on March 31, 2015 was at ₹13,005crore.

Large Corporate

Large Corporate is a major vertical under credit folio taking care of credit requirement of borrowers other than Agriculture where credit requirement is above ₹100crore. Under this vertical, Bank has a fund based exposure of ₹84,634crore and non-fund exposure of ₹17,478crore for the year ended March 31, 2015. During the year, LCG has sanctioned 97 proposals for ₹11,102crore with enhancement and 33 fresh proposals for ₹13,395crore thus totaling of ₹24,497crore received from Corporate Clients from all over India.

To promote focused attention on Large Corporate accounts, the Bank is operating Specialized Large Corporate branches at 7 places all over India (Ahmedabad, Bangalore, Coimbatore, Delhi, Hyderabad, Kolkata and Mumbai). These Specialized Large Corporate Branches have exposure of around ₹13,000crore as on March 31, 2015. Apart from the above, 15 existing branches in Metropolitan Centers are identified as Large Corporate Branches. These Specialized branches are focusing in lending to borrowers coming under Large Corporate segment, making available necessary expertise in Credit Appraisal and quick delivery of credit. These branches are sending the credit proposals directly to Central Office for expedite disposal.

Priority Sector Credit

The Bank's gross credit under priority sector increased to ₹63,635crore as on March 31, 2015 which was 39 % of Adjusted Net Bank Credit (ANBC). Further, RBI has revised the Priority Sector classification effective from April 2015.

Agriculture

During the year, the Bank's agricultural credit stood at ₹29,236crore as on March 31, 2015, thereby registering an incremental growth of ₹2,246crore. The Bank's ratio of Agricultural Advances to ANBC was 17.92%. The Bank disbursed ₹36,033crore under Special Agriculture Credit Plan (SACP) as against ₹35,492crore last year.

Weaker Section

The Bank granted loans to weaker section of the society and the outstanding as on March 31, 2015 is ₹23,478crore forming 14.09% of ANBC as against the target of 10%. Outstanding under loans to SC/ST under Priority Sector as on March 31, 2015 stood at ₹7,915crore, 12.45% of total priority sector advances as against achievement of 11.68% last year. Outstanding loans to Minority Communities stood at ₹9,793crore which is 15.39% of total priority sector advances as against norm of 15%.

Microfinance

During the year, the Bank credit-linked 53,404 Self Help Groups (SHGs) with a credit outlay of ₹1000crore. The cumulative number of SHGs credit linked by the Bank stood at 612,076 with aggregate lending of ₹6,792 crore as of March 2015.

Credit flow to Women

Bank's credit flow to women at ₹22,753crore as of March 31, 2015 constitutes 13.94% of the Bank's Adjusted Net Bank Credit.

Specialized Agriculture Credit Branches

In order to increase the flow of credit to the farming community, the Bank opened 33 specialized agriculture credit branches in various parts of the country exclusively for Agricultural lending. These branches have loans outstanding at ₹218crore as on March 31, 2015, up from ₹87crore last year, i.e. a growth of 150%.

Lead Bank Scheme

The Bank has been assigned Lead Bank responsibility in 13 districts in Tamil Nadu and one district in Kerala. The Bank is also the Convener of State Level Bankers' Committee of Tamil Nadu (SLBC). During the year under review the Bank has conducted four meetings of the SLBC. In addition, the Bank has convened 18 special meetings / core committee / sub-committee meetings during the year.

Recovery Management

As of March 31, 2015, the Bank had 16 specialized asset recovery management branches (ARMB) to improve the recovery under NPA accounts. The services of recovery agents have been utilized to expedite recovery. High value slippage of ₹5crore and above are being reviewed by the Board and the specific directions given by the Board is duly carried out. Top NPA accounts of ₹1crore and above are monitored from the corporate office on a regular basis and the borrowers are personally met by the General Manager (Law & Recovery) wherever necessary. Top Executives including the Managing Director & CEO, the Executive Director and the General Manager (Law & Recovery) reviewed all high value NPA accounts on a regular basis with field functionaries.

Special schemes empowering branch managers to accept one time settlements in small value NPA accounts for all NPAs of less than ₹1lac and above ₹1lac to ₹10lacs have been revalidated. An amount of ₹425crore has been recovered in small value NPA accounts with outstanding less than ₹10lacs. The recovery in accounts with outstanding of more than ₹10lacs up to ₹1crore was ₹307crore.

Action under SARFAESI act has been initiated in all eligible accounts which is followed up by auction of immovable properties through legal process. Frequent Lok Adalats/Recovery camps were conducted especially in respect of small value NPA accounts. In the National Lok Adalat conducted on February 14 and 22, 2015, the Bank's participation was significant. 4,727 cases amounting to ₹39crore were settled. An amount of ₹5crore was recovered on the spot. The previous Lok Adalats were conducted on December 6 and December 23, 2014, wherein 40,228 cases amounting to ₹344crore were referred, out of which, 7,747 cases amounting to ₹58crore were settled.

Ministry of Finance has advised the Banks to initiate recovery action in the matter of RC ("Recovery Certificate") issued cases. The Bank has appointed Nodal Officers at various centers and they are directed to take up all RC issued cases and bring the securities for sale. Bank has been coordinating with Presiding Officers/Recovery Officers of various DRTs and these one-to-one discussions/deliberations have helped the Bank to identify the issues and speed up the recovery.

During the financial year 2015, 524 number of DRT cases have been filed amounting to ₹3,043crore (claim amount). 197 cases involving ₹166crore have been decided. The recovery made in DRT cases is ₹119 cores. Cases pending are 2,507 cases amounting to ₹7,663crore (cumulative). The Bank is following up with DRTs closely and trying to bring speedy conclusion to the cases. In these cases DRTs are resorting to e-auction, wherever there are auction proceedings. As against the corporate target of ₹2,150crore for total cash recovery (including recovery from written off accounts and recovery of undebited interest) the achievement was ₹2,111crore. The upgradation of NPAs alone during the year was ₹1,425crore, as against target of ₹1,320crore. In respect of SARFAESI action, the Bank has issued notices for 2,759 cases amounting to ₹3,685crore. Amount Recovered through auction is ₹34crore from 53 accounts whereas amount recovered through compromise is ₹168crore from 653 accounts and partial recoveries were made in 3,295 accounts amounting to ₹315crore.

Financial year ended March 31, 2014 vs. Financial year ended March 31, 2013

The table below provides the data for the financial years 2014 and 2013, expressed in absolute values as well as expressed as percentage of total income of the respective years.

Particulars (₹crore)	For the year ended March 31,			
	2014		2013	
	Amount	% of Total income	Amount	% of Total income
INCOME				
Interest earned	22,683.73	91.27%	20,676.72	91.29%
Other income	2,169.34	8.73%	1,972.91	8.71%
TOTAL INCOME	**24,853.08**	100.00%	**22,649.63**	100.00%
EXPENDITURE				
Interest expended	17,106.92	68.83%	15,424.78	68.10%
Operating expenses	3,748.92	15.08%	3,407.84	15.05%
Provisions & Contingencies (Net)	3,395.50	13.66%	3,250.00	14.35%
TOTAL EXPENDITURE	**24,251.34**	97.57%	**22,082.40**	97.50%
Net Profit / (Loss) for the year	**601.74**	**2.43%**	**567.23**	**2.50%**

The following were the key changes in the policy rates during the year 2013-14.

→ Repo rate increased to 8% as of now from 7.25% in May 2013, 7.50% in Sept 2013 & 7.75% in Oct 2013.

→ MSF rate was at 9% as of March 31, 2015, however it reduced from 10.25% in July 2013, 9.50% in Sept 2013 & 8.75% in Oct 2013.

→ CRR and SLR are maintained at the same level of 4% and 23% respectively for the whole year.

→ The average Base Rate is between 10-10.25% against the last year level of 9.75%-10.50%.

→ Term Deposits of more than 1 year moderated to 8 % - 9.10% at present from the last year level of 8.50% - 9.25%.

→ Call Rates is hovering around 8% since Aug 2013.

Net Interest Income

Our net interest income increased by 6.2% from ₹5,251.94crore for the financial year ended March 31, 2013 to ₹5,576.81crore for the financial year ended March 31, 2014. This was primarily on account of an 9.71% increase in the amount of interest earned from ₹20,676.72crore in financial year 2013 to ₹22,683.73crore in financial year 2014, that was slightly muted by an increase of 10.91% in interest expended from ₹15,424.78crore in financial year 2013 to ₹17,106.92crore in financial year 2014.

Other Income

Other income for the financial year 2014 increased by 9.96% to ₹2,169.34crore from ₹1,972.91crore in financial year 2013. The higher commission, exchange and brokerage in addition to profit on sale of investments earned by the bank were the key proponents to the growth in other income.

Operating Expenses

Operating expenses increased by 10.01% YoY from ₹3,407.84crore in financial year 2013 to ₹3,748.92crore in financial year 2014 that was mainly due to higher payments to and provisions for employees; increase in rent, taxes and lighting, insurance and other expenses.

Operating Profit

On account of higher net interest income and other income, our operating profit increased by 4.7% to ₹3,997.23crore in financial year 2014 from ₹3,817.01crore financial year 2013.

Provisions and contingencies

Our provisions and contingencies for non-performing assets increased by 4.46% to ₹3,395.50crore from ₹3,250.00crore for financial year 2014 and financial year 2013 respectively. For the financial year 2014, our gross NPAs as a percent of gross advances increased to 4.98% from 4.02% in financial year 2013.

Net Profit

On the back of an increase in net interest income, coupled with higher other income, marginally offset by increases in operating expenses and provisions, our net profit increased by 6.08% from ₹567.23crore in financial year 2013 to ₹601.74crore for financial year 2014.

Business and operations of the Bank

Domestic Deposits

The Bank's total domestic deposits increased from ₹195,457crore in Mar 2013 to ₹219,731crore as of March 31, 2014 with a growth of 12.42%. The Bank's domestic CASA deposits increased to ₹56,884crore with a moderate growth of 7.94% resulting in our CASA deposits as a percentage of total deposits reducing slightly to 25.89%. The Bank opened around 38 lacs CASA accounts for the year as a whole. This enabled the Bank to maintain the market share of 2.73% as on March 21, 2014 on a year on year fortnightly basis.

Domestic Advances

The Domestic gross advances improved to ₹161,998crore as of March 31, 2014 with a growth of 11.80% as compared to ₹144,894crore in March 2013. The domestic CD Ratio was maintained at 73.73% by March 2014 compared to 74.13% in the previous year. The Bank was comfortable with the market share of 2.59%.

Overseas Performance

During August 2013, Bank upgraded its Extension counter in Sri Lanka into a branch, with due regulatory approvals taking the number of branches in Sri Lanka to two. FCBU at Colombo commenced operations from January 2014.

Forex Operations

The total merchant turnover for 2013-14 including AD branches was ₹130,319crore as against ₹110,553crore in last year recording a growth of 17.88%. This includes the precious metal business of the Bank for 2013-14 to the tune of ₹1,470crore (5,768 kgs) as against ₹2,538crore (8,751 kgs) in the previous year.

Profit on Exchange

The Bank earned a total profit from exchange operations of ₹221crore for the financial year 2014 and ₹8crore from the precious metal business domestically.

MSME

The Bank's MSME advances increased to ₹28,978crore as of March 31, 2014. The share of MSME credit on gross domestic credit increased from 16.02% in 2012-13 to 17.56% in 2013-14. This includes advances to MSME to the tune of ₹24,575crore. Priority sector credit under MSME sector as on March 31, 2014 stood at ₹23,488crore. The Bank increased advances to MSE sector by 23.02 % surpassing the mandatory requirement of 20%. Credit to Micro sector alone surpassed ₹10,000crore during the year reflecting a growth of 27.16%. The Bank financed 1,39,894 new micro sector accounts during the year. The number of Micro sector accounts increased by 43.94% during the year, as against the mandatory requirement of 10%. During the year, 16,365 new loan accounts aggregating to ₹879crore were covered under the Credit Guarantee Scheme of CGTMSE.

Retail Banking and Marketing

Retail Loans including Housing Loans, Educational Loans, etc., as major segments improved by 21.61% during the year. Bank surpassed the target set under Pushpaka Vehicle loans with 109.93% achievement. The income earned under Non-Life category, which was at ₹771 lacs during 2012- 2013, is at ₹846 lacs for the current year 2013-14 registering a YoY Growth 9.71%. The income earned under Life Insurance Business, which was at ₹754 lacs during 2012- 2013, is at ₹788 lacs for the current year 2013-14 with a YoY growth 4.56%. The income earned through IOB Health Care Plus, which was at ₹274 lacs during 2012- 2013, is at ₹319 lacs for the current year 2013-14 with YoY Growth 16.13%.

Mid Corporate

Mid Corporate Group takes care of the lending requirements of borrowers other than Agriculture/MSME borrowers. Borrowers enjoying credit limits of above ₹40crore and up to ₹100crore are taken care by Mid Corporate Group Vertical at Central office. The Bank has 16 Specialized Mid Corporate branches which are fully operational all over India (Ahmedabad, Bangalore, Baroda, Chennai, Chandigarh, Coimbatore, Delhi, Faridabad, Hyderabad, Indore, Kolkata, Ludhiana, Madurai, Mumbai, Pune and Vijayawada). Mid Corporate branches send the credit proposals directly to Central Office for speedy disposal. These branches possess necessary expertise in credit appraisal for quicker delivery of credit and have contributed ₹5,370crore of Fund Based exposure and ₹978crore of Non-Fund based exposure as on March 31, 2014. Total Bank exposure under Mid Corporate segment as on March 31, 2014 include Fund Based exposure of ₹9,472crore and Non-Fund based exposure of ₹2,236crore. During the year, Mid Corporate group has sanctioned 265 proposals from all over India with total sanctioned limit of ₹12,387crore.

Large Corporate

Under this vertical, Bank has a fund based exposure of ₹46,095crore and Non-Fund Exposure of ₹17,598crore for the year ended March 31, 2014. During the year, LCG has sanctioned 145 proposals with Fresh and Enhanced credit limits of ₹26,242crore received from Corporate Clients all over India. To promote focused attention on Large Corporate accounts, the Bank is operating Specialized Large Corporate branches at 7 places all over India (Ahmedabad, Bangalore, Coimbatore, Delhi, Hyderabad, Kolkata and Mumbai). These Specialized Large Corporate Branches have exposure of ₹12,308crore as on March 31, 2014. Apart from the above,15 existing branches in Metropolitan Centers are identified as large corporate Branches.

Priority Sector Credit

Gross Credit under Priority Sector increased to ₹58,090crore at the end of March 2014, registering a growth of 18%. With the achievement of Priority Sector Advances to Adjusted Net Bank Credit(ANBC) Ratio at 40.03%, Bank has further plans to continue and surpass the National Goal of 40% in the coming years also.

Agriculture

During the year, the Agricultural credit registered an incremental growth of ₹2,861crore from ₹23,393crore as of March 2013 to ₹26,254crore as of March 2014. The Bank's ratio of agricultural advances to Adjusted Net Bank Credit was 18.10% as against the required norm of 18%. The Bank disbursed ₹35,492crore under Special Agriculture Credit Plan (SACP) as against the target of ₹33,594crore during the year. The Bank has granted loans to Weaker Section of the society and the outstanding as at the end of March 2014 was ₹21,968crore which is 15.14% of the ANBC as against the target of 10%. The loans outstanding to SC/ST under priority as at the end of March 2014 were ₹6,802crore which is 11.68 % of Total Priority Sector loans. The loans outstanding to Minority community as at the end of March 2014 were ₹8,822crore which is 15.18% against the target of 15.00%.

Microfinance

During the year, the Bank credit-linked 47,470 Self Help Groups (SHGs) with a credit outlay of ₹846crore. The cumulative number of SHGs credit linked by the Bank is 5,22,642 with a total disbursement of ₹5,792crore as of March 2014. SHG Credit Linkage Week was observed in February and March 2014 coinciding with Founder's Day on February 10, 2014 and International Women's Day on March 8, 2014 to give further thrust to SHG linkage under the direct segment.

Credit flow to Women

Bank’s credit flow to women stood at 22,365crore as of March 31, 2014 constituting 15.41 % of the Bank’s Adjusted Net Bank Credit, as against the norm of 5%.

Capital

We are a banking company within the meaning of the Banking Regulation Act. We are registered with and subject to supervision by the RBI. Failure to meet minimum capital requirements could lead to regulatory actions by the RBI, which, if undertaken, could have a material effect on our financial position. The RBI issued detailed guidelines for implementation of Basel III capital regulations in May 2012.The minimum capital requirements under Basel III are being phased in as per the guidelines prescribed by the RBI. Accordingly, we are required to maintain a minimum Common Equity Tier I ratio of 5.0%, a minimum total Tier I capital ratio of 6.5% and a minimum total capital ratio of 9.0% as of March 31, 2014.We migrated to the new framework effective April 1, 2013.Previous year figures of regulatory capital and capital adequacy ratios were calculated under the then applicable Basel I and Basel II frameworks. In May 2013, the RBI withdrew the requirement of parallel run and the prudential floor for implementation of Basel II vis-à-vis Basel I.

Our regulatory capital and capital adequacy ratios calculated under Basel III as of March 31, 2013, 2014, 2015 and as of December 31, 2015 are as follows:

Particulars All figures in ₹crore	**As at March 31,**			**As at December 31,**	
	2013	**2014**	**2015**	**2014**	**2015**
Common equity tier I (CET I)	12,088	13,314	12,734	13,367	12,770
Additional tier I capital	-	539	1,451	549	1,451
Tier I capital	**12,088**	**13,853**	**14,185**	**13,916**	**14,221**
Tier II capital	6,278	6,135	5,460	5,596	5,094
Total capital	**18,366**	**19,989**	**19,644**	**19,512**	**19,315**
Risk weighted assets	**155,016**	**185,476**	**194,365**	**192,267**	**198,599**
CET I ratio (%)	7.8%	7.2%	6.6%	7.0%	6.4%
Tier I capital ratio	7.8%	7.5%	7.3%	7.2%	7.2%
Tier II capital ratio	4.0%	3.3%	2.8%	2.9%	2.6%
Total capital ratio	**11.8%**	**10.8%**	**10.1%**	**10.1%**	**9.7%**

Notes:

Tier I and Tier II capital, risk weighted assets and capital adequacy ratios for fiscal 2013 have been calculated in accordance with RBI guidelines (New Capital Adequacy Framework, generally referred to as Basel II) and capital adequacy ratios for fiscal 2014 and half-year ended September 30, 2014 have been calculated in accordance with RBI guidelines (Basel III Capital Regulations, generally referred to as Basel III) and therefore are not directly comparable. See the section “*Supervision and Regulation*”.

SELECT STATISTICAL INFORMATION

The following unaudited information should be read together with our financial statements, including the notes thereto, and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Placement Document. Whenever relevant, ratios for the six month periods are presented on an annualized basis. Footnotes appear at the end of each related section of tables where applicable.

We prepare our financial statements in accordance with Indian GAAP and all amounts presented in this section are in accordance with Indian GAAP. The financial statements reflect applicable statutory requirements and regulatory guidelines and accounting practices in India. These requirements, guidelines and practices change from time to time and, in accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis and the financial statements for earlier periods are not restated. For the purposes of a comparative analysis in the discussion below, previous years' figures have been reclassified wherever necessary. See "Risk Factors—Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition."

Average Balance Sheet

The table below presents the average balances for interest-earning assets and interest-bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for the periods indicated.

Average Balance: The average balance is the fortnightly average of balances outstanding.

Average Yield on Average Interest-Earning Assets: The average yield on average interest-earning assets is the ratio of interest income to average interest-earning assets.

Average Cost on Average Interest-Bearing Liabilities: The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. For purposes of calculating spread, interest bearing liabilities include non-interest bearing demand deposits.

Average Balance of Advances: The average balances of advances are net of average balances of bills rediscounted (BRDS) and bank risk participation (IBPC), consistent with our balance sheet presentation, as mandated by the RBI. Accordingly, interest expended on BRDS and IBPC transactions is netted off from interest income on advances for the purposes of the information on average yield/cost. The interest expended on these transactions is included under interest expense on borrowings in our financial statements for each of the periods presented.

Average Balance of Investments: The average balances of investments are net of average balances of securities sold under repurchase agreements (repo transactions) with the RBI and include average balances of securities purchased under agreements to resell (reverse repo transactions) with the RBI, consistent with our balance sheet presentation, as mandated by the RBI. Accordingly, interest expended on these repo transactions is netted off from interest income on investments, and interest income on the reverse repo transactions is included under interest income on investments for the purposes of the information on average yield/cost. The interest expended on the repo transactions is included under interest expense on borrowings and the interest income on the reverse repo transactions is included under interest income on balances with the RBI and other inter-bank funds in our financial statements for each of the periods presented.

Particulars All figures in ₹crore	**Year ended March 31, 2013**			**Year ended March 31, 2014**			**Year ended March 31, 2015**		
	Average Balance	**Interest Income / Expense**	**Average yield/cost (%)**	**Average Balance**	**Interest Income / Expense**	**Average yield/cost (%)**	**Average Balance**	**Interest Income / Expense**	**Average yield/cost (%)**
Interest-earning assets:									
Advances	153,965.84	15,916.44	10.34	172,239.25	17,288.80	10.04	180,820.66	17,951.18	9.93
Investments	60,024.68	4,372.29	7.28	69,006.43	4,990.20	7.23	75,941.31	5,469.74	7.20
Others	2,128.93	387.99	18.22	2,862.72	404.73	14.14	4,698.61	517.41	11.01
Total interest-earning assets	**216,119.45**	**20,676.72**	**9.57**	**244,108.40**	**22,683.73**	**9.29**	**261,460.58**	**23,938.33**	**9.16**
Non-interest-earning assets:									
Fixed assets	1,885.10			1,979.94			2,837.71		
Other assets	20,695.07			17,057.18			18,996.57		
Total non-interest earning assets	**22,580.17**			19,037.12			**21,834.28**		
Total assets	**238,699.62**			**263,145.52**			**283,294.86**		
Interest-bearing liabilities:									
Deposits	182,727.86	13,872.98	7.59	203,219.13	15,408.83	7.58	226,290.68	17,245.83	7.62
Borrowings	28,992.91	1,551.79	5.35	27,396.63	1,698.09	6.20	20,434.86	1,308.55	6.40
Total interest-bearing liabilities	**211,720.77**	**15,424.77**	**7.29**	**230,615.76**	**17,106.92**	**7.42**	**246,725.54**	**18,554.38**	**7.52**

Particulars All figures in ₹crore	Year ended March 31, 2013			Year ended March 31, 2014			Year ended March 31, 2015		
	Average Balance	Interest Income / Expense	Average yield/cost (%)	Average Balance	Interest Income / Expense	Average yield/cost (%)	Average Balance	Interest Income / Expense	Average yield/cost (%)
Non-interest-bearing liabilities									
Capital and reserves	11,636.78			13,286.99			15,448.38		
Other liabilities	15,342.07			19,242.77			21,120.94		
Total non-interest-bearing liabilities	**26,978.85**			**32,529.76**			**36,569.32**		
Total liabilities	**238,699.62**			**263,145.52**			**283,294.86**		

Particulars All figures in ₹crore	Nine Months ended December 31, 2014			Nine Months ended December 31, 2015		
	Average Balance	Interest Income / Expense	Average yield/cost (%)	Average Balance	Interest Income / Expense	Average yield/cost (%)
Interest-earning assets:						
Advances	181,118.68	13,606.48	7.51	180,644.88	12,872.74	7.13
Investments	73,940.53	4,013.14	5.42	89,748.91	4,889.24	5.45
Others	4,644.46	408.96	8.80	6,882.57	283.62	4.12
Total interest-earning assets	**259,703.67**	**18,028.58**	**6.94**	**277,276.36**	**18,045.60**	**6.51**
Non-interest-earning assets:						
Fixed assets	2,846.48			2,844.26		
Other assets	19,142.38			19,468.43		
Total non-interest earning assets	**21,988.86**			**22,312.69**		
Total assets	**281,692.53**			**299,589.05**		
Interest-bearing liabilities:						
Deposits	225,398.87	12,936.42	5.74	230,013.58	12,537.17	5.45
Borrowings	20,117.60	963.96	4.79	29,875.98	1,433.59	4.80
Total interest-bearing liabilities	**245,516.47**	**13,900.38**	5.66	**259,889.56**	**13,970.76**	**5.37**
Non-interest-bearing liabilities						
Capital and reserves	15,456.40			15,985.53		
Other liabilities	20,719.66			23,713.96		
Total non-interest-bearing liabilities	**36,176.06**			**39,699.49**		
Total liabilities	**281,692.53**			**299,589.05**		

Analysis of Changes in Interest Income and Interest Expense

The following table sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense between average balance and average rate. The changes in net interest income between periods have been reflected as attributed either to average balance or average rate changes. For purposes of the below tables, changes which are due to both average balance and average rate have been allocated solely to changes in average rate.

Particulars All figures in ₹crore	Fiscal 2013 vs Fiscal 2012 Increase (decrease) due to			Fiscal 2014 vs Fiscal 2013 Increase (decrease) due to		
	Net change	Change in average balance	Change in average rate	Net change	Change in average balance	Change in average rate
Interest income:						
Advances	2,324.29	27,393.13	8.48	1,372.36	18,273.41	7.51
Investments	430.93	6,109.10	7.05	617.91	8,981.75	6.88
Others	32.39	415.36	7.80	16.74	733.79	2.28
Total Interest Income	**2,787.61**	**33,917.59**	**8.22**	**2,007.01**	**27,988.95**	**7.17**
Interest expense:						
Deposits	2,638.64	26,379.02	10.00	1,535.85	20,491.27	7.50
Borrowings	(86.81)	4,075.16	(2.13)	146.30	(1,596.28)	(9.17)
Total interest expense	**2,551.83**	**30,454.18**	**8.38**	**1,682.15**	**18,894.99**	**8.90**

Particulars All figures in ₹crore	Fiscal 2015 vs Fiscal 2014 Increase (decrease) due to			Nine months ended Dec 31, 2015 vs Nine months ended Dec 31, 2014 Increase (Decrease) due to		
	Net change	Change in average balance	Change in average rate	Net change	Change in average balance	Change in average rate
Interest income:						
Advances	662.38	8,581.41	7.72	(733.74)	(473.80)	154.86
Investments	479.54	6,934.88	6.91	876.10	15,808.38	5.54
Others	112.68	1,835.89	6.14	(125.34)	2,238.11	(5.60)
Total Interest Income	**1,254.60**	**17,352.18**	**7.23**	**17.02**	**17,572.69**	**0.10**
Interest expense:						
Deposits	1,837.00	23,071.55	7.96	(399.25)	4,614.71	(11.54)
Borrowings	(389.54)	(6,961.77)	5.59	469.63	9,758.38	6.42
Total interest expense	**1,447.46**	**16,109.78**	**8.98**	**70.38**	**14,373.09**	**0.65**

Return on Equity and Assets

The following table presents selected financial ratios for the periods indicated

Particulars All Figures in ₹Crore	Year ended March 31, 2014			Nine Month Ended December 31, 2015	
	2013	2014	2015	2014	2015
Net profit	567.28	601.74	(454.33)	(489.82)	(1,961.13)
Average total assets	238,699.61	263,145.52	283,294.86	281,692.53	299,589.05
Average total shareholders’ equity	10,341.02	11,963.79	12,749.19	12,804.36	12,471.35
Return on assets (net profit as a percentage of average total assets)	0.24	0.23	(0.16)	(0.17)	(0.65)
Return on equity (net profit as a percentage of average total shareholders’ equity)	5.49	5.03	(3.56)	(3.83)	(15.73)
Average total shareholders’ equity as a percentage of average total assets	4.33	4.55	4.50	4.55	4.16

Investment Portfolio

The following tables set forth, as of the dates indicated, information related to our investments classified under the held to maturity (HTM), available for sale (AFS) and held for trading (HFT) categories:

Particulars All figures in ₹crore	At March 31, 2013				At March 31, 2014			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	44368.14	9599.31	293.94	54261.39	49083.72	10123.53	72.92	59280.16
Other Approved Securities	2.04	60.40	0.00	62.44	3.11	51.82	0.00	54.95
Shares	36.24	1333.53	7.39	1377.17	219.94	1354.94	2.30	1577.19
Debentures and Bonds	15.00	2426.95	0.00	2441.95	0.00	4866.44	0.00	4866.44
Joint Venture & Subsidiaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	83.02	1968.89	0.00	2051.91	102.14	2124.96	0.00	2227.10
Total	44504.44	15389.08	301.33	60194.85	49408.91	18521.69	75.23	68005.85

Particulars All figures in ₹crore	At March 31, 2015				At December 31, 2015			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	53433.28	12127.66	301.05	65861.99	50208.15	26858.97	99.96	77167.08
Other Approved Securities	3.09	0.02	0.00	3.11	3.09	0.02	0.00	3.11
Shares	219.94	1548.38	11.31	1779.63	219.94	1640.90	0.00	1860.84
Debentures and Bonds	0.00	4497.62	0.00	4497.62	0.00	4264.79		4264.79
Joint Venture & Subsidiaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	79.98	5973.90	0.00	6053.88	81.88	3177.68	0.00	3259.56
Total	53736.29	24147.58	312.36	78196.22	50513.06	35942.36	99.96	86555.38

Residual Maturity Profile

The following table sets forth, for the periods indicated, an analysis of the residual maturity profile of our government and debt securities and their market yields.

Particulars All figures in ₹crore	Year ended March 31, 2015					
	Up to one year		One to five years		Five to ten years	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Government Securities	1079.67	12.52	14292.26	7.96	19217.29	8.23
Other Debt Securities	242.05	8.29	1419.36	8.72	465.67	7.54
Total	**1321.72**	**11.75**	**15711.62**	**8.03**	**19682.96**	**8.22**

Particulars All figures in ₹crore	Nine months ended December 31, 2015					
	Up to one year		One to five years		Five to ten years	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Government Securities	2,352.87	6.06	13,255.28	6.37	27,091.56	5.43
Other Debt Securities	224.38	7.60	1,330.48	6.80	343.80	6.73
Total	**2,577.25**	**6.19**	**14,585.76**	**6.41**	**27,435.36**	**5.45**

Funding

Total Deposits

All figures in ₹crore

Particulars	Year ended March 31,						Nine months ended December 31,			
	2013		2014		2015		2014		2015	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Demand deposits	13,207.55	6.53	14,022.74	6.15	14,641.	5	11,190	4.81	12,066	5.23
Savings deposits	40,378.95	19.98	43,743.71	19.19	47,101.16	19.14	44,643	19.17	48,643	21.09
Time deposits	148,548.85	73.49	170,209.63	74.66	184,307.23	74.91	176,990	76.02	169,961	73.68
Total	**202,135.35**	**100.00**	**227,976.09**	**100.00**	**246,048.72**	**100.00**	**232,823.00**	**100.00**	**230,670.00**	**100.00**

Short-term Borrowings

The following table sets forth, for the periods indicated, information related to our short-term borrowings, which are comprised primarily of money-market borrowings. Short-term borrowings include securities sold under repurchase agreements with market participants but exclude those with the RBI. For the purpose of the below table, short-term borrowings exclude our interbank deposits taken under the credit support annex arrangements.

Particulars All figures in ₹crore	Year ended March 31,			Nine months ended December 31,	
	2013	2014	2015	2014	2015
Period end					
Average balance during the period	4,813.79	3,826.82	1,553.49	878.74	6,483.76
Average interest rate during the period	7.92	8.03	7.86	8.04	7.12
Average interest rate at period end	7.50	9.00	-	8.06	6.82

Subordinated Debt

As at December 31, 2015								
Type	Cur	Year of Issue	Year of Maturity	Average Tenor (Years)	Interest Rate (%)	Year of call	Step-up rate (%)	Face Value (₹crore)
LT II SIX Unsecured subordinated debt	INR	January 9, 2006	April 09, 2016	10 years and 3 months	7.70	NA	No step up	250.00
LT II S X Unsecured subordinated debt	INR	March 13, 2006	March 13, 2016	10 years	8.00	NA	No step up	300.00
LT II S XI Unsecured subordinated debt	INR	July 26, 2006	July 26, 2016	10 years	9.10	NA	No step up	500.00
LT II S XII Unsecured subordinated debt	INR	August 22, 2008	August 22, 2018	10 years	10.85	NA	No step up	300.00
LT II S XIII Unsecured subordinated debt	INR	August 24, 2009	August 24, 2019	10 years	8.48	NA	No step up	290.00
LT II S XIV Unsecured subordinated debt	INR	December 31, 2010	December 31, 2020	10 years	8.95	NA	No step up	1000.00

As at December 31, 2015								
Type	Cur	Year of Issue	Year of Maturity	Average Tenor (Years)	Interest Rate (%)	Year of call	Step-up rate (%)	Face Value (₹crore)
UT II S I Unsecured subordinated debt	INR	September 05, 2006	September 05, 2021	15 years	9.24	September 5, 2016	0.50	500.00
UT II S II Unsecured subordinated debt	INR	September, 17, 2008	September, 17, 2023	15 years	11.05	September 7, 2018	0.50	655.30
UT II S III Unsecured subordinated debt	INR	September 01, 2009	September, 01, 2024	15 years	8.80	September 1, 2019	0.50	510.00
UT II S IV Unsecured subordinated Debt	INR	January 10, 2011	January 10, 2026	15 years	9.00	January 10, 2021	0.50	967.00
Perpetual Basel II S I	INR	March 31, 2006	perpetual	perpetual	9.30	March 31, 2016	0.50	200.00
Perpetual Basel II S II	INR	May 18, 2006	perpetual	perpetual	9.15	May 18, 2016	0.50	200.00
Perpetual Basel II S III	INR	September 30, 2006	perpetual	perpetual	9.20	September 30, 2016	0.50	80.00
Perpetual Basel II S IV	INR	September 29, 2009	perpetual	perpetual	9.30	September 29, 2019	0.50	300.00
Perpetual Basel III S I	INR	February 04, 2015	perpetual	perpetual	10.00	February 04, 2020	No step up	1000.00

Interest Coverage Ratio

Particulars All figures in ₹crore	Year ended March 31,			Nine months ended December 31,	
	2013	2014	2015	2014	2015
Net Profit (A)	567.28	601.74	(454.33)	(489.82)	(1,961.13)
Depreciation on Bank's Property (B)	126.59	141.32	149.00	96.64	100.74
Interest expended (C)	15,424.78	17,106.92	18,554.38	13,900.38	13,970.76
Total (D = A+B+C)	16,118.65	17,849.98	18,249.05	13,507.20	12,110.37
Interest Coverage Ratio (D ÷ C)	**1.04**	**1.04**	**0.98**	**0.97**	**0.87**

Asset Liability Gap

The following table sets forth, for the periods indicated, our asset-liability gap position:

Particulars All figures in ₹crore	As of December 31, 2015								
	0-28 Days	29-90 Days	91-180 Days	6-12 Months	Total within one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Cash and balances with Reserve Bank of India	3,214.83	777.50	1,108.48	1,983.90	7,084.71	1,391.47	275.16	3,199.11	11,950.45
Balances with banks and money at call and short notice	4,169.59	-	123.19	-	4,292.78	85.72	-	-	4,378.50
Investments	13,168.07	8,698.08	6,486.09	13,294.29	41,646.53	14,946.85	10,834.41	18,744.77	86,172.56
Advances	13,715.24	13,917.88	9,055.05	14,958.14	51,646.31	56,876.36	15,059.50	21,838.09	145,420.26
Fixed assets	-	-	-	-	-	-	-	2,238.21	2,238.21
Other assets	-	-	-	-	-	-	-	12,293.84	12,293.84
Total assets	**34,267.73**	**23,393.46**	**16,772.81**	**30,236.33**	**104,670.33**	**73,300.40**	**26,169.07**	**58,314.02**	**262,453.82**
Capital	-	-	-	-	-	-	-	1,720.97	1,720.97
Reserves and surplus	-	-	-	-	-	-	-	13,880.37	13,880.37
Deposits	18,241.42	38,480.61	19,379.91	53,103.13	129,205.07	31,582.94	5,283.71	58,701.87	224,773.59
Borrowings	-	300.10	650.00	3,188.30	4,138.40	9,785.89	2,100.00	1,967.00	17,991.29
Other liabilities and provisions	279.27	478.12	5.20	115.32	877.91	344.85	-	3,194.92	4,417.68
Total liabilities	**18,520.69**	**39,258.83**	**20,035.11**	**56,406.75**	**134,221.38**	**41,713.68**	**7,383.71**	**79,465.13**	**262,783.90**

Particulars All figures in ₹crore	As of December 31, 2015								
	0-28 Days	29-90 Days	91-180 Days	6-12 Months	Total within one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liquidity gap	**13,288.07**	**(18,230.69)**	**(5,194.56)**	**(27,500.29)**	**(37,637.47)**	**31,115.87**	**26,181.23**	**(13,943.37)**	**5,716.26**
Cumulative Liquidity gap	13,288.07	(4,942.62)	(10,137.18)	(37,637.47)		(6,521.60)	26,181.23	(20,464.97)	
Cumulative liabilities	18,520.69	57,779.52	77,814.63	134,221.38		175,935.06	7,383.71	255,400.19	
Cumulative liquidity gap as a percentage of cumulative liabilities (%)	**71.75**	**(8.55)**	**(13.03)**	**(28.04)**		**(3.71)**	**354.58**	**(8.01)**	

Loan Portfolio

The following table sets forth, for the periods indicated, our gross loan portfolio (including loans made by our overseas branches) classified by product group. Loans are classified into retail based on the criteria of orientation, the nature of the product, granularity of the exposure and quantum thereof as laid down by the Basel committee. See the section "Supervision and Regulation". For a description of our retail and wholesale loan products, see the "Business" section.

Industry All figures in ₹crore	Gross Loans				
	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Nine month ended December 31, 2014	Nine month ended December 31, 2014
Information Technology	-			-	1,805.00
Paper, Printing and Stationery	1,770.00	1,810.00	1,864.00	1,849.00	8,078.00
Iron and Steel	9,937.00	13,007.00	13,490.00	10,679.00	-
Engineering	4,501.00	5,244.00	6,168.00	5,247.00	7,320.00
Mining and Minerals	2,580.00	2,994.00	1,867.00	2,027.00	801.00
Road Transportation	5,336.00	7,370.00	8,067.00	7,838.00	4,231.00
Retail Assets	-	-	-	-	4,258.00
Textiles & Garments	6,460.00	2,904.00	7,300.00	7,416.00	122.00
Gems and Jewelry	995.00	1,030.00	917.00	984.00	946.00
NBFC / Financial Intermediaries*	5,961.00	5,671.00	4,921.00	5,521.00	9,660.00
Wholesale Trade*	8,267.00	8,172.00	8,096.00	7,964.00	9,659.00
Real Estate & Property Services*	126.00	136.00	128.00	127.00	21,492.00
Construction and Developers	2,051.00	2,393.00	999.00	1,321.00	3,789.00
(Infrastructure)	1,235.00	2,688.00	2,925.00	7,837.00	1,661.00
Automobile & Auto Ancillary	2,833.00	3,091.00	3,351.00	3,272.00	-
Agriculture and Allied Activities	23,393.00	26,254.00	29,236.00	28,176.00	681.00
Retail Trade	16,564.00	8,380.00	5,640.00	5,356.00	17,887.00
Chemical and Products	1,159.00	1,345.00	1,654.00	1,255.00	1,060.00
Capital Market Intermediaries	-	-	-	-	42,082.00
Wood & Products	552.00	669.00	713.00	694.00	3,724.00
Power	14,463.00	14,706.00	17,601.00	18,700.00	
Plastic & Products	960.00	1,099.00	1,142.00	1,077.00	1,464.00
Services	33,342.00	36,819.00	42,708.00	41,552.00	-
Food and Beverage	3,484.00	4,005.00	4,970.00	4,648.00	814.00
Consumer Durables					138.00
Telecom	1,307.00	1,463.00	1,461.00	1,461.00	105.00
Housing Finance Companies		-	-	-	19,021.00
Drugs and Pharmaceuticals	808.00	752.00	739.00	724.00	1,79,349.00
Fertilizers & Pesticides	301.00	105.00	128.00	127.00	1,805.00
Glass & Products	141.00	136.00	135.00	139.00	8,078.00
Other Industries	15,840.00	28,838.00	12,821.00	12,532.00	-
Total	**1,64,366.00**	**1,81,081.00**	**1,79,041.00**	**1,78,523.00**	**1,79,349.00**

Maturity and Interest Rate Sensitivity of Loans

The following tables set forth, the maturity and interest rate sensitivity of our loans as of December 31, 2015

Particulars All figures in ₹crore	As at March 31,		As at December 31,	
	2014	2015	2014	2015
Interest rate classification of loans by maturity:				
Fixed Rates	16,866.18	16,180.41	17,402.94	16,609.10
Variable Rates	146,114.79	148,614.55	146,031.50	146,903.54
Gross Loans	162,980.97	164,794.96	163,434.44	163,512.64

Concentration of Domestic Loans

Pursuant to the guidelines of the RBI, our exposure to individual borrowers is limited to 15% of our capital funds (as defined by the RBI and calculated under Indian GAAP), and our exposure to a group of companies under the same management is limited to 40% of our capital funds. In the case of infrastructure projects, such as power, telecommunications, road and port projects, an additional exposure of up to 5% of capital funds is allowed in respect of individual borrowers and up to 10% in respect of group borrowers. We may, in exceptional circumstances, with the approval of our Board of Directors, consider enhancement of exposure to a borrower by a further 5% of capital funds. The following table sets forth, for the periods indicated, our gross loans outstanding by the borrower's industry or economic activity and as a percentage of our gross loans (where such percentage exceeds 2.0% of the total). We do not consider retail loans a specific industry for this purpose.

Particulars **All figures in ₹crore**	**As at March 31,**			**As at December 31,**	
	2013	**2014**	**2015**	**2014**	**2015**
Wholesale Trade	3,655.99	3,970.08	4,040.48	4,110.44	4,389.78
Agriculture and Allied Activities	23,392.79	26,253.90	29,236.27	27,824.61	27,103.22
Automobile & Auto Ancillary	2,832.63	3,091.24	3,350.88	3,271.56	3,680.68
Road Transportation	5,336.28	7,369.56	8,066.81	7,838.20	8,644.19
Retail Trade	4,610.83	5,243.34	5,640.72	5,313.08	6,097.52
Services	39,218.54	39,444.97	39,771.95	40,267.32	39,305.05
NBFC / Financial Intermediaries	5,961.03	8,829.79	6,355.72	4,675.46	6,997.56
Food & Beverage	3,484.15	4,004.51	4,970.31	4,647.82	4,971.46
Power	14,462.78	14,706.35	17,601.09	17,289.61	16,724.23
Iron & Steel	9,936.59	10,799.19	11,219.66	10,670.87	11,656.48
Coal & Petroleum Products	1,378.86	1,240.50	1,103.00	1,131.34	958.26
Others (including unclassified retail)	33,292.27	33,831.36	35,135.98	36,906.32	34,772.95
Total	**147,562.74**	**158,784.79**	**166,492.87**	**163,946.63**	**165,301.39**

Directed Lending

The RBI has established guidelines requiring Indian banks to lend 40% of their adjusted net bank credit (ANBC), as computed in accordance with RBI guidelines, or the credit equivalent amount of off balance sheet exposures, whichever is higher, as of March 31 of the previous fiscal to certain sectors called "priority sectors." Priority sectors are broadly comprised of agriculture, micro and small enterprises (MSEs), including retail trade, micro credit, education and housing, subject to certain limits.

The following table sets forth, for the periods indicated, our directed lending broken down by sector:

Particulars **All figures in ₹crore**	**As at March 31,**			**As at December 31,**	
	2013	**2014**	**2015**	**2014**	**2015**
Directed lending:					
Agriculture	23,392.79	26,254.00	29,236.27	27,824.71	26,903.22
Micro and small enterprises	19,975.65	24,575.00	26,161.52	23,716.27	29,228.48
Other	7,687.77	7,261.00	8,237.27	8,166.95	9,182.96
Total directed lending	**51,056.21**	**58,090.00**	**63,635.06**	**59,707.83**	**65,314.66**

Non-Performing Assets

Recognition of Non-Performing Assets

The RBI has issued guidelines on income recognition, asset classification, provisioning standards and the valuation of investments applicable to banks, which are revised from time to time. The principal features of the RBI guidelines are set forth below.

An asset, including a leased asset, becomes non-performing once it ceases to generate income for the bank. The RBI guidelines stipulate the criteria for determining and classifying a non-performing asset (NPA). A NPA is a loan or an advance where:

- interest and/or an installment of principal remains overdue (as defined below) for a period of more than 90 days in respect of a term loan;

- the account remains "out-of-order" (as defined below) in respect of an overdraft or cash credit for more than 90 days;

- the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted;

- in the case of a loan granted for short duration crops, the installments of principal or interest thereon remain overdue for two crop seasons;

- in the case of a loan granted for long duration crops, the installments of principal or interest thereon remain overdue for one crop season;

- the amount of a liquidity facility remains outstanding for more than 90 days, in respect of securitization transactions undertaken in accordance with the RBI guidelines on securitization; or

- in respect of derivative transactions, the overdue receivables representing the positive mark-to-market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

Banks should classify an account as a NPA if the interest imposed during any quarter is not fully repaid within ninety days from the end of the relevant quarter. For additional information regarding the RBI's guidelines regarding the classification of NPAs into categories, please refer to the section "Supervision and Regulation".

"Overdue"
Any amount due to the bank under any credit facility is "overdue" if it is not paid on the due date fixed by the bank.

"Out-of-Order" Status

An account should be treated as "out-of-order" if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In circumstances where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but (i) there are no credits continuously for a period of 90 days as on the date of the balance sheet of the bank or (ii) the credits are not sufficient to cover the interest debited during the same period, these accounts should be treated as "out-of-order".

The following table sets forth, for the periods indicated, information about our NPAs:

Particulars All figures in ₹crore	**As at March 31,**			**As at December 31,**	
	2013	**2014**	**2015**	**2014**	**2015**
Gross NPAs	6,608.00	9,020.00	14,923.00	14,501.00	22,672.00
Provision for NPAs	2,558.00	3,342.00	5,088.00	4,970.00	7,116.00
Net NPAs	4,027.00	5,658.00	9,814.00	9,511.00	14,174.00
Gross Advances	164,366.00	181,081.00	179,041.00	178,532.00	179,349.00
Gross NPAs as a percentage of gross advances (%)	4.02	4.98	8.33	8.12	12.64
Provisions coverage ratio	58.89	54.94	50.92	50.03	50.36

Classification of Non-Performing Assets

As per RBI guidelines, banks are required to classify their NPAs into substandard, doubtful and loss asset categories.

Substandard assets

A substandard asset is one which has remained a NPA for a period less than or equal to 12 months. In such cases, the current net worth of the borrower / guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the banks in full. In other words, such an asset will have well defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that banks will sustain some loss, if deficiencies are not corrected.

Doubtful assets

A doubtful asset is one which has remained a NPA for a period exceeding 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss assets

A loss asset is one where loss has been identified by the Bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value. The following table sets forth, for the periods indicated, the classification of our gross NPAs in accordance with the RBI guidelines:

Particulars All figures in ₹crore	**As at March 31,**			**As at December 31,**	
	2013	**2014**	**2015**	**2014**	**2015**
Substandard	3,813.00	5,170.00	6,874.00	8,504.00	9,350.00
Doubtful	2,684.00	3,773.00	7,807.00	5,842.00	12,520.00
Loss	111.00	77.00	241.00	155.00	802.00
Gross NPAs	6,608.00	9,020.00	14,922.00	14,501.00	22,672.00

Provisioning Policy for Non-Performing Assets

Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed by the RBI. The specific provision levels for retail NPAs are also based on the nature of product and delinquency levels. In relation to non-performing derivative contracts, as per the extant RBI guidelines, we make provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts. Provisions for substandard, doubtful and loss asset categories are required to be made as per the RBI guidelines described below. These provisioning requirements are the minimum provisions that have to be made in accordance with the RBI guidelines.

Substandard assets

A general provision of 15.0% on total outstanding loans is required without making any allowance for the Export Credit Guarantee Corporation of India guarantee cover and securities available. The unsecured exposures which are identified as sub-standard are subject to an additional provision of 10.0% (i.e. a total of 25.0% on the outstanding balance). However, unsecured loans classified as substandard, where certain safeguards such as escrow accounts are available, are subject to an additional provision of only 5.0% (i.e. a total of 20.0% on the outstanding balance).

Doubtful assets

A 100.0% provision is made against the unsecured portion of the doubtful asset. The value assigned to the collateral securing a loan is the realizable value determined by third party appraisers. In cases where there is a secured portion of the asset, depending upon the period for which the asset remains doubtful, a 25.0% to 100.0% provision is required to be made against the secured asset as follows:

- Up to one year: 25.0% provision.
- One to three years: 40.0% provision.
- More than three years: 100.0% provision.

Loss assets

The entire asset is required to be written off or 100.0% of the outstanding amount is required to be provided for.

Analysis of Non-Performing Loans by Industry Sector

The following table sets forth, for the periods indicated, our non-performing loans by borrowers' industry or economic activity in each of the respective periods and as a percentage of our loans in the respective industry or economic activity sector.

Industry All figures in ₹crore	Year ended March 31, 2013			Year ended March 31, 2014			Year ended March 31, 2015		
	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry
Information Technology	-								
Paper, Printing and Stationery	1,770.00	212.00	11.98	1,810.00	594.00	32.82	1,864.00	564.00	30.26
Iron and Steel	9,937.00	350.00	3.52	13,007.00	1,488.00	11.44	13,490.00	1,841.00	13.65
Engineering	4,501.00	218.00	4.84	5,244.00	440.00	8.39	6,168.00	588.00	9.53
Mining and Minerals	2,580.00	180.00	6.98	2,994.00	314.00	10.49	1,867.00	451.00	24.16
Road Transportation	5,336.00	110.00	2.06	7,370.00	120.00	1.63	8,067.00	431.00	5.34
Retail Assets	-	-	-	-	-	-	-	-	-
Textiles & Garments	6,460.00	556.00	8.61	2,904.00	443.00	15.25	7,300.00	1,580.00	21.64
Gems and Jewelry	995.00	166.00	16.68	1,030.00	288.00	27.96	917.00	298.00	32.50
NBFC / Financial Intermediaries*	5,961.00	12.00	0.20	5,671.00	15.00	0.26	4,921.00	18.00	0.37
Wholesale Trade*	8,267.00	62.00	0.75	8,172.00	69.00	0.84	8,096.00	72.00	0.89
Real Estate & Property Services*	126.00	11.00	8.73	136.00	12.00	8.82	128.00	14.00	10.94
Construction and Developers	2,051.00	70.00	3.41	2,393.00	317.00	13.25	999.00	71.00	7.11
(Infrastructure)	1,235.00	7.00	0.57	2,688.00	150.00	5.58	2,925.00	393.00	13.44
Automobile & Auto Ancillary	2,833.00	93.00	3.28	3,091.00	248.00	8.02	3,351.00	521.00	15.55
Agriculture and Allied Activities	23,393.00	685.00	2.93	26,254.00	1,092.00	4.16	29,236.00	1,570.00	5.37
Retail Trade	16,564.00	466.00	2.81	8,380.00	685.00	8.17	5,640.00	665.00	11.79
Chemical and Products	1,159.00	120.00	10.35	1,345.00	99.00	7.36	1,654.00	141.00	8.52
Capital Market Intermediaries	-	-	-	-	-	-	-	-	-
Wood & Products	552.00	73.00	13.22	669.00	231.00	34.53	713.00	266.00	37.31
Power	14,463.00	25.00	0.17	14,706.00	87.00	0.59	17,601.00	471.00	2.68
Plastic & Products	960.00	59.00	6.15	1,099.00	130.00	11.83	1,142.00	169.00	14.80
Services	33,342.00	1,716.00	5.15	36,819.00	1,440.00	3.91	42,708.00	1,780.00	4.17
Food and Beverage	3,484.00	287.00	8.24	4,005.00	412.00	10.29	4,970.00	1,668.00	33.56
Consumer Durables			-			-			-
Telecom	1,307.00	-	-	1,463.00	116.00	7.93	1,461.00	260.00	17.80
Housing Finance Companies			-	-	-	-	-	-	-
Drugs and Pharmaceuticals	808.00	69.00	8.54	752.00	154.00	20.48	739.00	254.00	34.37
Fertilizers & Pesticides	301.00	17.00	5.65	105.00	1.00	0.95	128.00	4.00	3.13
Glass & Products	141.00	1.00	0.71	136.00	2.00	1.47	135.00	4.00	2.96
Other Industries	15,840.00	1,043.00	6.58	28,838.00	73.00	0.25	12,821.00	828.00	6.46
Total	1,64,366.00	6,608.00	4.02	1,81,081.00	9,020.00	4.98	1,79,041.00	14,922.00	8.33

Industry All figures in ₹crore	Nine Months ended December 31, 2014			Nine Months ended December 31, 2015		
	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry
Information Technology	-	-				
Paper, Printing and Stationery	1,849.00	537.00	29.04	1,876.00	613.00	32.68
Iron and Steel	10,679.00	1,401.00	13.12	11,246.00	3,333.00	29.64
Engineering	5,247.00	406.00	7.74	5,429.00	702.00	12.93
Mining and Minerals	2,027.00	362.00	17.86	1,805.00	726.00	40.22
Road Transportation	7,838.00	174.00	2.22	8,078.00	1,506.00	18.64
Retail Assets	-	-	-	-	-	-
Textiles & Garments	7,416.00	1,198.00	16.15	7,320.00	1,705.00	23.29
Gems and Jewelry	984.00	277.00	28.15	801.00	339.00	42.32
NBFC / Financial Intermediaries*	5,521.00	21.00	0.38	4,231.00	22.00	0.52
Wholesale Trade*	7,964.00	81.00	1.02	4,258.00	1,276.00	29.97
Real Estate & Property Services*	127.00	13.00	10.24	122.00	12.00	9.84
Construction and Developers	1,321.00	59.00	4.47	946.00	93.00	9.83
(Infrastructure)	7,837.00	244.00	3.11	9,660.00	1,781.00	18.44
Automobile & Auto Ancillary	3,272.00	416.00	12.71	9,659.00	1,780.00	18.43
Agriculture and Allied Activities	28,176.00	2,007.00	7.12	21,492.00	2,490.00	11.59
Retail Trade	5,356.00	751.00	14.02	3,789.00	180.00	4.75
Chemical and Products	1,255.00	152.00	12.11	1,661.00	448.00	26.97
Capital Market Intermediaries	-	-	-	-	-	-
Wood & Products	694.00	342.00	49.28	681.00	299.00	43.91
Power	18,700.00	632.00	3.38	17,887.00	995.00	5.56
Plastic & Products	1,077.00	19.00	1.76	1,060.00	191.00	18.02
Services	41,552.00	1,675.00	4.03	42,082.00	1,603.00	3.81
Food and Beverage	4,648.00	1,248.00	26.85	3,724.00	1,029.00	27.63
Consumer Durables			-			-
Telecom	1,461.00	273.00	18.69	1,464.00	301.00	20.56
Housing Finance Companies	-	-	-	-	-	-
Drugs and Pharmaceuticals	724.00	262.00	36.19	814.00	302.00	37.10
Fertilizers & Pesticides	127.00	2.00	1.57	138.00	4.00	2.90
Glass & Products	139.00	5.00	3.60	105.00	4.00	3.81

Industry All figures in ₹crore	Nine Months ended December 31, 2014			Nine Months ended December 31, 2015		
	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry	Gross Loans	Non-Performing Loans (NPL)	NPL as a % of loans in the Industry
Other Industries	12,532.00	1,944.00	15.51	19,021.00	938.00	4.93
Total	1,78,523.00	14,501.00	8.12	1,79,349.00	22,672.00	12.64

Remediation Strategy for Non-Performing Loans

Movement of Provisions for Non-Performing Assets

Particulars All figures in ₹crore	As at March 31,			As at December 31,	
	2013	2014	2015	2014	2015
Specific provisions at the beginning of the period	2,809.90	4,045.71	5,198.26	5,198.26	6,849.84
Provisions made during the period,	2,887.06	2,654.57	3,711.92	2,744.90	3,776.10
Provisions no longer required on account of write-offs	1,651.25	1,502.02	2,060.34	1,152.55	1,365.92
Specific provisions at the end of the period	**4,045.71**	**5,198.26**	**6,849.84**	**6,790.61**	**9,260.02**

General Provisions on Standard Assets and Floating Provisions

We maintain general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold at levels stipulated by the RBI from time to time. General provision for standard assets is included under Other Liabilities. Banks are required to make general provisions for standard assets for the funded outstanding on a global portfolio basis. The provisioning requirement for housing loans at teaser rates is 2.00% and will reduce to 0.40% after one year from the date on which the teaser rates are reset at higher rates if the accounts remain standard. In November 2012, the RBI increased the provisioning requirement for restructured standard assets from 2.0% to 2.75%. In May 2013, the RBI increased the provisioning requirement for all types of accounts restructured to 5.0% with effect from June 1, 2013. For the stock of restructured standard accounts as of May 31, 2013, this increase is required to be implemented in a phased manner by March 31, 2016. The provisioning requirements for other loans range from 0.25% to 1.00% on the outstanding loans based on the type of exposure. Derivative exposures, such as credit exposures computed as per the current marked to market value of the contract arising on account of the interest rate and foreign exchange derivative transactions and gold are subject to the same provisioning requirement applicable to the loan assets in the standard category of the concerned counterparties. All conditions applicable for the treatment of the provisions for standard assets would also apply to the aforesaid provisions for derivatives and gold exposures. Provisions made in excess of these regulatory requirements or provisions which are not made with respect to specific NPAs are categorized as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors.

Restructured Assets

The RBI has issued prudential guidelines on the restructuring of assets by banks. The guidelines essentially deal with the norms/conditions, the fulfillment of which is required to maintain the category of the restructured account as a 'standard asset'. Similar guidelines apply to assets categorized as substandard. Substandard accounts which have been subjected to restructuring, whether in respect of principal installment or interest amount, are eligible to be upgraded to the standard category only after the specified period, i.e. a period of one year after the date when the first payment of interest or principal, whichever is earlier, falls due, subject to satisfactory performance during the period. If there is a failure to meet payment or other terms of a restructured loan, it may be considered a failed restructuring, in which case it is no longer classified as a restructured loan. We restructure assets on a case-by-case basis after our management has determined that restructuring is the best means of maximizing realization of the asset.

Capital Adequacy

The following table sets forth, for the periods indicated, our capital adequacy ratios computed as per applicable RBI guidelines:

Particulars All figures in ₹crore	As at March 31,			As at December 31,	
	2013	2014	2015	2014	2015
Common equity tier I (CET I)	12,088	13,314	12,734	13,367	12,770
Additional tier I capital	-	539	1,451	549	1,451
Tier I capital	**12,088**	**13,853**	**14,185**	**13,916**	**14,221**

Particulars All figures in ₹crore	As at March 31,			As at December 31,	
	2013	2014	2015	2014	2015
Tier II capital	6,278	6,135	5,460	5,596	5,094
Total capital	**18,366**	**19,989**	**19,644**	**19,512**	**19,315**
Risk weighted assets	**155,016**	**185,476**	**194,334**	**192,267**	**198,599**
CET I ratio (%)	7.8%	7.2%	6.6%	7.0%	6.4%
Tier I capital ratio	7.8%	7.5%	7.3%	7.2%	7.2%
Tier II capital ratio	4.0%	3.3%	2.8%	2.9%	2.6%
Total capital ratio	11.8%	10.8%	10.1%	10.1%	9.7%

Notes:

Tier I and Tier II capital, risk weighted assets and capital adequacy ratios for fiscal 2013 have been calculated in accordance with RBI guidelines (New Capital Adequacy Framework, generally referred to as Basel II) and capital adequacy ratios for fiscal 2014 and half-year ended September 30, 2014 have been calculated in accordance with RBI guidelines (Basel III Capital Regulations, generally referred to as Basel III) and therefore are not directly comparable. See the section "*Supervision and Regulation*".

The following table sets forth, for the periods indicated, our risk weighted assets (RWA) pertaining to credit risk, market risk and operational risk computed as per applicable the RBI guidelines:

Particulars All figures in ₹crore	As at March 31,			As at December 31,	
	2013	2014	2015	2014	2015
	Basel II	Basel III	Basel III	Basel III	Basel III
Credit risk RWA	137,914.96	166,095.40	169,318.84	168,120.78	163,441.49
Market risk RWA	8,089.23	8,733.60	13,181.13	12,281.07	21,313.14
Operational risk RWA	9,009.77	10,647.44	11,865.07	11,865.07	13,843.93
Total risk weighted assets	**155,013.96**	**185,476.43**	**194,365.04**	**192,266.93**	**198,598.57**

SUPERVISION AND REGULATION

The following is an overview of certain sector-specific Indian laws and regulations which are relevant to our Bank's business. Taxation statutes such as the Income Tax Act, labour laws such as Contract Labour (Regulation and Abolition) Act, 1970 and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999, apply to us as they do to any other Indian bank.

The description of laws and regulations set out below is not exhaustive, and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The main legislation governing commercial banks in India is the Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Other important laws include the Reserve Bank of India Act, 1934, The Negotiable Instruments Act, 1881 the SARFAESI Act, 2002 and the Banker's Books Evidence Act, 1891. Additionally, the RBI, from time to time, issues guidelines to be followed by banks. Banking companies are also subject to the purview of the Companies Act, to the extent applicable, and if a Bank is listed on a stock exchange in India then various regulations of SEBI additionally apply to such a bank. In case of our bank we have specific regulations called Indian Overseas Bank (Shares and Meetings) Regulations 2003 (amended up to 2008) governing our shareholding pattern, Share Certificate, Maintenance of share register, etc.

Reserve Bank of India Act, 1934

As per section 2(e) of the Reserve Bank of India Act, 1934, ("**RBI Act**") our Bank is a scheduled bank included in the Second Schedule.

According to the said act, RBI shall regulate the issue to Bank notes and keeping reserves with a view to securing monetary stability in the country. Scheduled banks like our Bank are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with by such banks and may direct that such banks regard a transaction or class of transactions as a liability. Further, RBI may direct any banking company to submit returns for the collection of credit information and may also furnish such information to a banking company upon an application by such company. RBI has the power to impose penalties against any person for inter-alia failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970

The said Act deals with the nationalization of Indian banking companies, in order to control the heights of the economy and to meet progressively and serve better, the needs of development of the economy in conformity with national policy and objectives and for matter connected therewith or incidental thereto. The said Act regulates the compensation to be provided erstwhile banks, management, closure of accounts and disposal of profits, annual general meeting.

Banking Regulation Act, 1949

Under this Act also, our Bank is a scheduled bank and the laws relating to banking regulation apply to us too. Commercial banks in India are required to obtain a license from RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions.

Additionally, the RBI has issued various reporting and record-keeping requirements for such commercial banks. The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in public interest, or in the interest of the banking company, or in the interest of its depositors. It also sets out the provisions in relation to the loan granting activities of a banking company. The Banking Regulation Act specifies the business activities in which a bank may engage. No shareholder in a bank can exercise voting rights on poll in excess of 10% of total voting rights of all the shareholders of the bank. However, the RBI may increase this ceiling to 26% in a phased manner. Pursuant to amendments to the Banking Regulation Act in January 2013, private sector banks are permitted, subject to the guidelines framed by the RBI, to issue perpetual, redeemable or irredeemable preference shares in addition to ordinary equity shares.

Further, the Banking Regulation Act, as amended, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not fit and proper by the RBI.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the net profit before appropriations. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Certain amendments also permit the RBI to establish a 'Depositor Education and Awareness Fund', which will take over the bank's deposit accounts that have not been claimed or operated for a period of 10 years or more.

The amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company. The appointment, re-appointment, or termination of the appointment of a chairman, managing director or whole-time director, chief executive officer of a bank shall have effect only if it made with the previous approval of the RBI. Further, no amendment in relation to the remuneration of the chairman, managing director, whole-time director or any other director, chief executive officer shall have effect unless approved by the RBI. RBI is also empowered to remove a chairman, managing director and whole-time directors from office on the grounds of public interest, interest of depositors, securing the proper management. It shall thus have control over the management.

The RBI may impose penalties on banks, directors and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment. Banks are also required to disclose the penalty in their annual report. The form of Balance-sheet and accounts to be made by bank should be in accordance with schedule I to IV of the act.

Regulatory reporting and examination procedures

The RBI is empowered under the Banking Regulation Act to inspect a bank. The RBI monitors prudential parameters at regular intervals. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on various aspects. The RBI conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at regular intervals. Further, the RBI also conducts on-site supervision of selected branches with respect to their general operations and foreign exchange related transactions.

Maintenance of records

The Banking Regulation Act specifically requires banks to maintain books and records in a particular manner and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to our Bank as in the case of any company. The master circular on "Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT)/ Obligation of banks under PMLA, 2002" issued by the RBI on July 1, 2015 also provides for transactional and identification records to be maintained for a minimum period of ten years from date of transaction and ten years from the cessation of relationship with the client respectively.

Regulations relating to the opening of branches

As per the "Master Circular on Branch Authorization" dated July 1, 2014 banks may open branches in Tier 1 to Tier 6 centers without permission from the RBI, subject to certain conditions. Prior approval from RBI is not required to shift a branch to any location within the city, town or village. Permission of the RBI is not required for installation of on-site ATMs. Since June 2009 the RBI has permitted installation of off-site ATMs at centers identified by scheduled commercial banks, without the need for permission from the RBI in each case, provided certain stipulated conditions are met.

Capital adequacy requirements

The RBI has set out the minimum capital adequacy standards for banks based on the guidelines of the Basel Committee on Banking Supervision. Under the "Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework" dated July 1, 2015, The RBI requires Indian banks to maintain a minimum CRAR of 9% as of March 31, 2015 and 9.625% for March 31, 2016 as per Basel III norms of the RBI. As of December 31, 2015 the bank 's CRAR was 9.73%. and Tier 1 CRAR of at least 6%. The RBI, "Master Circular – Prudential Norms on Capital

Adequacy – Basel I Framework" dated July 1, 2015 (as amended from time to time) lays down guidelines for components of Capital Funds included in Tier I Capital and Tier II capital. The Perpetual Non-Cumulative Preference Shares (PNCPS) eligible for inclusion as Tier I capital indicates the minimum regulatory requirement. Banks may include quarterly / half yearly profits for computation of Tier I capital only if the quarterly / half yearly results are audited by statutory auditors and not when the results are subjected to limited review. The Tier II capital shall include undisclosed reserves, revaluation reserves, general provisions and loss reserves, hybrid capital instruments, subordinated debt and investment reserve account. Banks are advised to assign an additional risk weight of 2.5% on the investment portfolio, a risk weight of 100% on the open position limits on foreign exchange and gold; and build up Investment Fluctuation Reserve up to minimum of 5% of the investment held for trading and available for sale category.

Marginal Cost of Fund Based Lending Rate– New Method for Pricing Loan

As of July 1, 2010, RBI guidelines replacing the benchmark prime lending rate regime with a base rate regime which replaced the Benchmark Prime Lending Rate (BPLR) system. Subsequent to that, in yet another attempt to make banks pass on policy rate cut benefits to borrowers, the RBI has brought out a new methodology: MCLR. Marginal funds refer to money raised by banks in the last month or quarter before the lending rate review. The new methodology will come into effect from 1 April 2016 and is expected to curtail banks' ability to hold on to higher base rates despite the RBI slashing rates. So far, banks followed diverse methodologies for computing the minimum rate at which they could lend—the base rate. Now, the RBI has asked all banks to follow the marginal cost of funds method to arrive at their benchmark lending rate. MCLR will be calculated after factoring in banks' marginal cost of funds (largely, the interest at which banks borrow money), return on equity (a measure of banks' profitability), negative carry on account of cash reserve ratio (the cost that banks incur on account of keeping reserves with the RBI), operating costs and tenure premium (longer the loan term, higher the interest/premium). The actual lending rate will be MCLR plus the spread determined by banks after taking into account their business strategy and credit risk of the borrower, among other parameters.

The RBI expects the new formula to make floating lending rates more responsive to its policy rate cuts. Even existing borrowers will have the option to switch to MCLR when it is introduced. When RBI had ushered in the base rate regime in 2010, the objective was to ensure better transmission, transparency and fair treatment to new and existing borrowers. However, it met with limited success as banks displayed great haste in hiking rates in a hardening interest rate scenario and reluctance in reducing them when the situation turned benign, disappointing borrowers. MCLR is being seen as one of the tools to get banks to be more responsive in passing rate cuts to consumers. There might be short-term problems when dealing with the new norms. Because the MCLR regime is newly proposed, its long-term effects on the lending practices of the Bank and other banks are unclear as of the date of this Placement Document. If the MCLR regime is successful it will be promoting transparency and enhancing competition in the bank lending markets in India.

Implementation of the Basel III Framework

Under, RBI "Master Circular – Basel III Capital Regulation – Clarification" a reference is made to 'Implementation of Basel III Capital Regulations in India – Amendments' dated January 14, 2016. RBI has reframed the 'Criteria for Inclusion of Perpetual Debt Instruments (PDI) in Additional Tier I Capital.' The banks will have full discretion to cancel distributions/ payments of coupons discretion. The coupons must be paid-out of the current year profits or in case of its unavailability out of the revenue reserves and/or credit balance in profit and loss account as per circular dated January 14, 2016. The banks must also ensure and indicate in the offer documents that they have full discretion at all times to cancel distributions or payments in order to meet the eligibility criteria for perpetual debt instrument.

The RBI Basel III guidelines were introduced in May 2012 and become effective from April 1, 2013 in a phased manner. In March 2013, the RBI deferred the implementation of credit valuation adjustment risk capital charges to January 1, 2014 due to certain issues related to introduction of mandatory forex forward guaranteed settlement through a central counterparty. On December 31, 2013, RBI further extended the abovementioned implementation timeline to April 1, 2014.RBI issued Master Circular-Basel III Capital Regulations. The Basel-III Regulations will be fully implemented by March 31, 2019.

Further, under "Guidelines on Implementation of Basel III Capital Regulations in India", RBI has permitted Banks to raise Additional Tier 1 ("AT1") capital which may include inter-alia perpetual non-cumulative preference shares that comply with regulatory requirements, debt capital instruments eligible for inclusion in AT1 capital and that comply with regulatory requirements. One of the important criteria for AT1 instruments is that they should have principal loss absorption through either (i) conversion into common shares at an objective pre-specified trigger point or (ii) a write-down mechanism which allocates losses to the instrument at a pre-specified trigger point.

The RBI also permits banks to raise Basel III compliant Tier II capital in the form of (i) debt capital instruments; (ii) preference share capital instruments that could be perpetual cumulative preference shares, redeemable non-cumulative preference shares (RNCPS), redeemable cumulative preference shares. These instruments also need to have certain loss absorption features.

To further ensure compliance with the guidelines of Basel II, the RBI has set out compliance periods for banks to transition into the Internal Ratings Based and Advanced Measurement Approach methods of risk assessment. Under the RBI's guidelines, banks were to submit their revised methodologies by April 1, 2012 and RBI was to submit their revised roadmap for transition to these methodologies. ***Liquidity coverage ratio – under Basel III***

Framework

The Basel III Framework on Liquidity Standards introduced two liquidity ratios i.e. Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio as well as liquidity risk monitoring tools. In this regard, the RBI issued draft guidelines in November 2012, which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to the RBI on liquidity positions. The guidelines stipulate that banks are to ensure a LCR of 60% for the calendar year 2015 with effect from January 1, 2015 and will be expected to transition to a LCR of 100% in January 2019.

Prudential norms on income recognition, asset classification and provisioning pertaining to advances ("Prudential Norms")

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" ("Prudential Norms") issued on July 1, 2015 classifies NPAs into (i) Substandard assets; (ii) Doubtful assets; and (iii) Loss assets. These guidelines specify provisioning requirements specific to the classification of the assets. Banks should establish appropriate internal systems (including technology enabled processes) for proper and timely identification of NPAs, especially in respect of high value accounts. The banks may fix a minimum cut off point to decide what would constitute a high value account depending upon their respective business levels. The cut-off point should be valid for the entire accounting year.

The RBI, as per its "Master Circular on Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)" issued on July 1, 2015 consolidated the classification of NPAs as per circular issued on July 1, 2015 CRR is mentioned at 4% of Bank's total of DTL adjusted for the exemptions. The circular of RBI dated February 3, 2015 (which is effective from February 7, 2015), every SCB shall continue to maintain in India assets valuing not less than 21.5% of the total NDTL as on the last Friday of the second preceding fortnight valued in accordance with the method of valuation specified by the Reserve Bank of India from time to time. The encumbered SLR securities shall not be included for the purposes of percentage computation. The procedure for computation of SLR shall be as per Section 24 (2A) of Banking Regulation Act, 1949.

In July 2005, the RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. An asset must have been classified as non-performing for at least two years by the seller bank to be eligible for sale. In October 2007, the RBI issued guidelines regarding valuation of NPAs being put up for sale.

The RBI revised the "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Pursuant to the revised guidelines the provisioning requirement has been increased to 5% in respect of new restructured standard accounts (flow) with effect from June 1, 2013 and in a phased manner for the stock of restructured standard accounts as of March 31, 2013 as follows:

a) 3.50% with effect from March 31, 2014 (spread over the four quarters of 2013-2014);
b) 4.25% with effect from March 31, 2015 (spread over the four quarters of 2014-2015); and
c) 5% with effect from March 31, 2016 (spread over the four quarters of 2015-2016).

Corporate debt restructuring mechanism ("CDR system")

The institutional mechanism for restructuring has been set up through establishment of the CDR system in 2001. It is a joint forum of all banks and financial institutions and operates as a non-judicial body. The CDR system operates on the principle of super-majority amongst the participating banks and financial institutions for a particular advance. The Prudential Norms as mentioned above equally apply to the accounts restructured under the CDR system.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 ("RDDBFI Act")

Our bank falls within the definition under section 2(f) of the act. Hence the said act is applicable to the bank since June 24, 1993. The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹10 lakhs. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. The tribunal shall consist of only person who will be appointed by the Central Government as the presiding officer. The Qualification, term of appointment, Tribunal establishment and establishment of staff shall be as decided by the Central Government from time to time. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including inter- alia recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The Act enables the enforcement of security interest created in favour of a secured creditor, without the intervention of court or tribunal. Further, a secured creditor may, under certain conditions, also take over the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realizing the secured asset. The Prudential Norms issued by the RBI describe the process to be followed for sale of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realization. However, banks may sell specific financial assets with an agreement to share in any surplus realized by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass-through-certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

Pursuant to the amendment of the SARFAESI Act in January 2013, means for recovery of assets available to banks and financial institutions have been strengthened. Further, banks and financial institutions have been empowered to accept immovable property in full or partial satisfaction of the bank's claim against the defaulting borrower at times when they cannot find a buyer for the securities. The amendment also enables banks and financial institutions to enter into a settlement or compromise with the borrower and empowers DRTs to pass an order acknowledging any such settlement or compromise.

Priority sector lending

The RBI circular on "Priority Sector Lending- Targets and Classification" dated April 23, 2015 sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) MSE; (iii) education; (iv) housing, (v) social infrastructure; (vi) export credit; and (vii) renewable energy. Under the RBI guidelines, the priority sector lending targets are linked to Adjusted Net Bank Credit ("ANBC") (outstanding bank credit minus bills rediscounted with RBI and other approved Financial Institutions plus permitted non SLR bonds/debentures under Held to Maturity category plus other investments eligible to be treated as part of priority sector lending (e.g. investments in securitized assets)) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on March 31 of the previous year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group). The RBI has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds. Relaxations are permitted in exceptional circumstances and if lending to the infrastructure sector. The total exposure to a single NBFC has been limited to 10% of the bank's capital funds while exposure to non-banking asset finance company has been restricted to 15% of the bank's capital funds. The limit may be increased to 15% and 20%, respectively, provided that the excess exposure is on account of funds lent by the NBFC to the infrastructure sector.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year.

Short-selling of Government securities

As per the “Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks” dated July 1, 2014, banks and primary dealers are allowed to undertake short sale of government dated securities, subject to the short position being covered within a maximum period of three months, including the day of trade. Further, such short positions shall be covered only by outright purchase of an equivalent amount of the same security or through a long position in the ‘when issued market’ or allotment in primary auction.

Regulations relating to interest rates on Rupee deposits held in domestic, Ordinary Non-Resident (“NRO”) and Non-Resident (External) (“NRE”) accounts

As per the master circular on “Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) Accounts”, dated July 1, 2014, the RBI has permitted banks to independently determine their interest rates on savings and term deposits (minimum period of 7 days) under domestic/NRO accounts. Banks are also free to determine interest rates for savings deposits and term deposits of maturity of one year and above under NRE deposit accounts. However, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

Deposit insurance

Demand and time deposits of up to ₹100,000 accepted by Indian banks (other than primary co-operative societies) have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer.

Prevention of Money Laundering Act, 2002

In order to prevent money laundering activities the PMLA was enacted which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, inter alia, banking companies in relation to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of section 12 of the PMLA.

Regulations relating to KYC and anti-money laundering

The RBI issued a master circular on July 1, 2014 consolidating the guidelines for KYC and anti-money laundering procedures. With effect from April 1, 2012, banks are not permitted to make payment of cheque/drafts/pay orders/banker’s cheque bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument. Further, banks are required to frame their KYC policies incorporating (I) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management.

Regulations relating to maintenance of statutory reserves

A bank is required to maintain, on a daily basis, CRR, which is a specified percentage of its DTL, excluding interbank deposits, by way of a balance in a current account with the RBI. At present the required CRR is 4%. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and should not be below 95% of the required CRR on any day of the fortnight. The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day. If the shortfall continues further the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day during which the default continues.

In addition to the CRR, a bank is required to maintain SLR, a specified percentage of its NDTL by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the RBI requires banks to maintain SLR of 21.5%. Further, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the marginal standing facility, against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 2% of their respective NDTL outstanding at the end of the second preceding fortnight.

Regulations relating to authorized dealers for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. All branches should monitor all non-resident accounts to prevent money laundering. The RBI master circular on “External Commercial Borrowings and Trade Credits”, dated July 1, 2014, states that no financial intermediary, including banks, will be permitted to raise external commercial borrowings or provide guarantees in favour of overseas lenders for external commercial borrowings.

The RBI master circular on “Risk Management and Interbank Dealings”, dated July 1, 2014, states that all categories of overseas foreign currency borrowings of banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100% of their unimpaired Tier I capital or USD $ 10 million (or its equivalent), whichever is higher. Overseas borrowings for the purpose of financing export credit, subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital, capital funds raised/ augmented by the issue of innovative perpetual debt instruments and any other overseas borrowings with the specific approval of the RBI would continue to be outside the limit of 100%.

Secrecy obligations

A bank’s obligations relating to maintaining secrecy arise out of common law principles governing its relationship with its customers. Further, according to the Master Circular on Customer Service dated July 1, 2013, wherever banks desire to collect information for purposes other than KYC requirements, it should not form part of the account opening form. Subject to certain exceptions, a bank cannot disclose any information to third parties. Further, the RBI may, in the public interest, publish the information obtained from the bank.

Foreign ownership restrictions

Presently,20% foreign investment is allowed in Public Sector Banks subject to Government approval and provisions of Banking Companies (Acquisition & Transfer of Undertakings) Acts 1970.

As per Basel III guidelines to Annex 4, the following provision is made:

i) Investment by FIIs in instruments raised in Indian Rupees shall be outside the ECB limit for rupee denominated corporate debt, as fixed by the Govt. of India from time to time, for investment by FIIs in corporate debt instruments. Investment in these instruments by FIIs and NRIs shall be within an overall limit of 49% and 24% of the issue, respectively, subject to the investment by each FII not exceeding 10% of the issue and investment by each NRI not exceeding 5% of the issue.

ii) Subject to the terms and conditions, if any, stipulated by SEBI / other regulatory authorities in regard to issue of the instruments.

Guidelines on management of intra-group transactions and exposures

The RBI issued the “Guidelines on Management of Intra-Group Transactions and Exposures” on February 11, 2014. Pursuant to the said guidelines, RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

RBI issued a circular relating to “Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure” on January 15, 2014. Pursuant to these guidelines, RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis. This framework became fully effective from April 1, 2014.

Framework for revitalizing distressed assets in the economy

RBI issued the framework for revitalizing distressed assets in the economy on January 30, 2014 which lays down the corrective action plan that will incentivize early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. The salient features of this framework include, inter alia, (a) early formation of a lenders' committee with timelines to agree to a plan for resolution, (b) incentives for lenders to agree collectively and quickly to a plan - better regulatory treatment of stressed assets if a resolution plan is underway, accelerated provisioning if no agreement can be reached, and (c) independent evaluation of large value restructurings mandated, with a focus on viable plans and a fair sharing of losses (and future possible upside) between promoters and creditors. This framework became fully effective on April 1, 2014.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. On February 3, 2009, the said scheme was amended to provide for revised procedures for redressal of grievances by a complainant under the scheme.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organization expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 25% of the net profit before appropriations to the reserve fund before declaring any dividend. Further, in May 2005, the RBI issued guidelines on "Declaration of Dividends by Banks", which prescribed certain conditions for declaration of dividends by banks.

Regulations relating to making loans

The provisions of the Banking Regulation Act govern the making of loans by banks in India. In addition, the RBI also issues directions in relation to the loan activities of banks. Some of the major requirements that banks are to observe are as follows:

The RBI has prescribed norms for banks' lending to non-bank financial companies and the financing of public sector disinvestment. RBI introduced the 'Base Rate' in place of the 'Benchmark Prime Lending Rate' with effect from July 1, 2010. For loans sanctioned up to June 30, 2010, BPLR would be applicable. However, for those loans sanctioned up to June 30, 2010 which come up for renewal from July 1, 2010 onwards, Base Rate would be applicable. Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them. Section 20 of the Banking Regulation Act provides that banks shall not grant loans on the security of their own shares. Further, banks cannot grant loans or advances to or on behalf of their directors.

Classification and Reporting of Fraud Cases

The RBI issued a master circular on July 1, 2014 in relation to the classification and reporting of fraud cases. The circular classifies fraud cases into: (i) misappropriation and criminal breach of trust; (ii) fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property; (iii) unauthorized credit facilities extended for reward or for illegal gratification; (iv) negligence and cash shortages; (v) cheating and forgery; (vi) irregularities in foreign exchange transactions and; (vii) any other type of fraud not coming under the specific heads as above. Information relating to frauds for the quarters ending June, September and December may be placed before the audit committee of the board of directors during the month following the quarter to which it pertains, irrespective of whether or not these are required to be placed before the board/management committee in terms of the calendar of reviews prescribed by the RBI. Banks are also required to conduct an annual review of the frauds and place a note before the board of directors for information. The reviews for the year-ended March may be put up to the Board before the end of the next quarter i.e. for the quarter ended June 30 and such reviews need not be sent to RBI. These may be preserved for verification by the Reserve Bank's inspecting officers. Further, the circular requires all banks to constitute a special committee for monitoring and follow up of cases of frauds involving amounts of ₹10 million and above exclusively, while the audit committee may continue to monitor all cases of fraud in general. The special committee is required to review such fraud cases as and when they come to light. The special committee in case of private sector banks should consist of two members of the audit committee of the board and two members from the Board excluding the RBI nominee.

Liquidity Adjustment Facility

Liquidity Adjustment Facility ("LAF") is a facility extended by RBI to scheduled commercial banks (excluding Regional Rural Banks) and primary dealers to avail of liquidity in case of requirement or park excess funds with the RBI in case of excess liquidity on an overnight basis against government securities as collateral. Therefore, LAF enables liquidity management on a day to day basis and enables RBI to transmit interest rate signals to the market. The operations of LAF are conducted by way of repurchase agreements with RBI being the counter-party to all the transactions. The interest rate in LAF is fixed by the RBI from time to time. LAF is an important tool of monetary policy.

Collateralized Borrowing and Lending Obligation

Collateralized Borrowing and Lending Obligation ("CBLO") is a money market instrument operated by the Clearing Corporation of India Limited ("CCIL"), for entities that either have no access to inter-bank call money market or have restricted access due to ceilings on call borrowing and lending transactions. By participating in the CBLO market, CCIL members can borrow or lend funds against the collateral of eligible securities. Eligible securities include central government securities including treasury bills, and such other securities as specified by CCIL from time to time. Borrowers under CBLO have to deposit the required amount of eligible securities with the CCIL based on which CCIL fixes the borrowing limits. CCIL matches the borrowing and lending orders submitted by the members and notifies them. While the securities held as collateral are in custody of the CCIL, the beneficial interest of the lender on the securities is recognized through proper documentation.

Moratorium, reconstruction and amalgamation of banks

A high court may, upon the application by a banking company which is temporarily unable to meet its obligations, make an order staying the commencement or continuance of all actions and proceedings against a bank for a fixed period of time on such terms and conditions as it shall think fit and proper, and may from time to time extend it for a total moratorium period not exceeding six months. The said application is required to be accompanied by a report by the RBI that, in its opinion, the said banking company will be able to pay its debts if the application is granted. Further, the RBI may also make an application to the central government for an order of moratorium. During the said moratorium, the RBI may prepare a scheme for the reconstruction of a banking company or for the amalgamation of the banking company with any other banking institution if it is satisfied that it is necessary: a) in public interest, b) in interests of depositors, c) to secure the proper management of the banking company, d) in interests of the banking system of the country as a whole. The RBI may make modifications to the draft scheme pursuant to receipt of suggestions and objections from the banking company, the transferee bank or any other banking company concerned in the amalgamation, and from any members, depositors or other creditors of each of the banks concerned. The central government may sanction the scheme with or without such modifications.

Submission of credit information

According to the Credit Information (Companies) Regulation Act, 2005 ("CICRA"), a "credit institution" means a banking company and every credit institution shall become a member of at least one Credit Information Company ("CIC"). A CIC, may, by notice in writing, require its members to furnish such credit information as it may deem necessary. Further, RBI, through its notification dated January 15, 2015, has directed that: a) all credit institutions shall become members of all CICs and submit data, including historical data, to them, b) credit institutions shall keep the credit information collected/ maintained by them, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the credit institution and the CIC under the CICRA.

Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970

The act applies to acquisition and transfer of undertaking of banking companies which shall not include foreign companies. It caters to the developmental needs of the economy in conformity with the national policy and objectives for the connected thereto. The Act paved way for constitution of corresponding new banks and established our Bank, i.e. Indian Overseas bank from the earlier corresponding Indian Overseas Bank Limited as per Schedule I. The acts vide section 6, schedule II paid an amount of ₹250 lakhs compensation was paid to Indian Overseas Bank Limited. The authorized capital of the bank so established was ₹1,500 crore.

This act provided for the constitution of Board of Directors, which vests with the Central Government after consultation with the RBI. The Central Government gives timely directions on discharge of banking functions and matters of policy involving public interest. However, the power for appointment of Additional Directors to the bank shall vest entirely with RBI. The Indian Overseas Bank so established under the act and as per schedule I is deemed to be an Indian Company and a company in which the public is substantially interested.

Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970

The scheme is in exercise of Power of Central Government under Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. The scheme provides for the constitution of Board by the Central Government. The director of the bank shall be nominated by the central government from the panel of three employees furnished by the representative union. The manner of retirement of the nominee director by rotation basis, appointment of chairman, Managing Director is listed out in the scheme. A whole-time director can hold office for a period of maximum five years and shall then be eligible for reappointment. The Central Government shall exercise the power for remuneration, termination, salary, allowances after due consultation with the RBI. A director is disqualified for being appointed, if he has at any time been adjudicated as insolvent/suspended payment/compounded its creditors; or found to be of unsound mind and stands so declared by a competent Court; or has been convicted by a Criminal Court of an offence which involves moral turpitude holds any office of profit under any nationalized bank or State Bank of India constituted under sub-section (1) of section 3 of the State Bank of India Act, 1955 or subsidiary bank as per the mentioned act. The meeting of the board shall be held at least six times in a year and at least once in each quarter. Notice of at least 15 days to be given and such notice shall be sent to all the directors at the specified address.

This Act provides that the Board of a nationalized bank must form the following committees:

i) Management Committee
ii) Advisory Committees
iii) Regional Consultative Committees

The paid-up capital of nationalized bank can be increased from time to time. The Board in consultation with RBI and previous sanction of Central Government transfer a specified amount of reserve fund or make a contribution of any specified amount to the paid-up capital of Nationalized Bank or raise the paid-up capital by public issue of shares in manner prescribed, however Central Government shall at all times hold not less than 51% of paid-up capital of the bank.

Indian Overseas Bank (Shares and Meetings) Regulations, 2003

The regulations are amended up to 2008. It is framed in accordance to Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970. The regulations are framed in consultation with Reserve Bank of India and Central Government. The shares of our bank are termed as the movable property and are transferable. A share register shall be maintained in computer system. The authorized person to compare the data on back-ups with the computer system and appropriate software shall be used for correctness of chapter. A register shall be open for inspection to any shareholder free of charge subject to reasonable restriction as the board may impose. as per the applicable guidelines the register shall be closed for a period not exceeding forty-five days after giving notice of not less than seven days. The regulation provision for transmission of shares in case of death or insolvency is provided for in the regulations. In order to avail services in respect of securities, the bank may enter into agreement with one or more depository. An Annual General Meeting of shareholders' notice shall be published after signing of Managing Director or Executive Director or any officer not below the rank of Scale VII or Company Secretary, at least twenty-one days before the meeting in not less than two daily newspapers. The terms of holding an Extra-Ordinary General Meeting, quorum of the meeting voting rights, person entitled to attend the general meeting are all termed down in the said regulations. Election of Directors shall be in accordance to section 9 (3) (i) of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970. The shareholders shall be as registered as shareholder on the date of closure of register prior to date fixed for General Meeting. Such Shareholder shall have one vote on show of hands and in case of poll one vote each share held by him. Voting by proxies and duly authorized representatives of the shareholder shall be as per the provisions mentioned in the said regulations.

Banker Books Evidence Act, 1891

The act amends the law of evidence with respect to Banker's Books. It applies to any company or corporation carrying on the business activity. A certified copy of any entries in the banker's books shall in all legal proceeding be received as the prima facie evidence of the existence of such entry and shall be admitted as evidence in matters, transactions and accounts pertaining to the books. The officer of the bank cannot be compelled to produce the entries in any case where he is not a party to the case. The books can be made available for inspection to any party on application made to the court. The Judge or the court may order the bank to make available such copies to the party.

SECTION –IV: INDUSTRY OVERVIEW

The information in this section has been extracted from publicly-available documents, including officially-prepared materials from the Government of India and its various ministries, the RBI and its publications, the IRDAI, the Association of Mutual Funds in India, the NSE, trade, industry or general publications and other third-party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, and thus should not be relied on as if it had been so verified

Overview of the Indian Economy

In emerging market economies, there has been a slowdown from 5% in 2013 to 4.6% in 2014. This continued slowdown reflects several factors, including lower commodity price and tighter external financial conditions, structural bottlenecks, rebalancing in China and economic distress related to geopolitical factors. A rebound activity in a number of distressed economies is expected to result in a pickup in growth in 2016. *(Source: ACMA Annual Report 2014-15)*

The continued growth slowdown reflects several factors, including lower commodity prices and tighter external financial conditions, structural bottlenecks, rebalancing in China and economic distress related to geopolitical factors. A rebound in activity in a number of distressed economies is expected to result in a pickup in growth in 2016. The distribution of risks to global economic activity is still tilted to the downside. Near-term risks include increased financial market volatility and disruptive asset price shifts, while lower potential output growth remains an important medium-term risk in both advanced and emerging market economies. Lower commodity prices also pose risks to the outlook in low-income developing economies after many years of strong growth. *(Source: Indian Monetary Foundation- World Economic Outlook Update – July, 2015)*

In advanced economies, growth is expected to remain robust and above trend through 2016 and contribute to narrowing the output gap. The growth recovery in the Euro area is projected to be broad based. Growth in India is expected to rise above the rates in other major emerging market economies. India's growth is expected to strengthen from 7.3% in 2014 and 2015 to 7.5% in 2016. Growth will benefit from recent policy reforms, a consequent pickup in investment, and lower commodity prices. In India, inflation is expected to decline further in 2016, reflecting the fall in global oil and agricultural commodity prices. *(Source: Indian Monetary Foundation- World Economic Outlook Update – July, 2015)*

The Indian economy is one of the largest economies in the world. Despite the global financial crisis in late 2008, India continued to show one of the highest annual real GDP growths in the world. India's GDP for the years 2015, 2014, and 2013 was estimated at $8.027 trillion, $7.484 trillion, $6.976 trillion and respectively. India's GDP is currently ranked 4th in the world. The per capita GDP of India, is however, extremely low and is ranked 158th in the world. *(Source: CIA World Factbook)*

India had an estimated population of 1.25 billion (July 2015), according to the World Bank. Approximately 67.3% and 32.7% of the entire population in India in 2015 lived in rural and urban areas, respectively. India has a young population. The median age of its population is 27.3 years as of the year 2015. Population growth rate is at 1.22% per year and the corresponding rate of urbanization is 2.38%. *(Source: CIA World Factbook)*

Indian Banking Industry

Until the 1980s, the Indian financial system was strictly controlled. Interest rates were administered by the Government. Formal and informal parameters governed asset allocation and strict controls limited entry into and expansion within the financial sector. Bank profitability was low, nonperforming assets (NPAs) were comparatively high, capital adequacy was diminished and operational flexibility was hindered. The Government's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with implementation of the recommendations of the Committee on the Financial System, namely the Narasimham Committee I. Following that, reports were submitted in 1997 and 1998 by other committees, such as the second Committee on Banking Sector Reform, namely, the Narasimham Committee II, and the Tarapore Committee on Capital Account Convertibility. This, in turn, led to the second phase of reforms relating to capital adequacy requirements, asset classification and provisioning, risk management and merger policies. The deregulation of interest rates, the emergence of a liberalized domestic capital market and the entry of new private sector banks have progressively intensified the competition among banks.

Banks in India may be categorized as scheduled banks and non-scheduled banks, where the former are banks which are included in the second schedule to the RBI Act 1934, as amended. These banks comprise scheduled commercial banks and scheduled cooperative banks. Scheduled commercial banks may further be classified as the State Bank of India (SBI) and its associates, nationalized banks, private sector banks, foreign banks and regional rural banks. (In RBI reports, regional rural banks are usually excluded in tables providing details of individual banks and their summary tables at bank group level.) The focus of commercial banks in India has largely been on meeting the short-term financing needs of industry, trade and agriculture sectors. As of December 2015, there were 149 scheduled commercial banks in the country and commercial banks had a nationwide network of 130,698 offices with the percentage of offices in rural and semi-urban areas reduced from 64.52% to 53.95%(Source: RBI, "Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks" as of December *2015, available athttp://www.rbi.org.in/*)

On the liabilities side, growth in deposits and borrowings also declined significantly. Bank-group wise, public sector banks (PSBs) witnessed deceleration in credit growth in 2014-15; private sector banks (PVBs) and foreign banks (FBs), however, indicated higher credit growth. The maturity profile of liabilities of the SCBs witnessed an improvement during 2014-15 as the proportion of short-term liabilities declined and that of long-term liabilities increased. On the assets side, share of long-term assets declined and the share of short-term assets increased marginally. This can be seen in the light of risk aversion on the part of banks in the backdrop of rising share of nonperforming loans. The proportion of long-term loans and advances declined to 27.3 per cent in 2014-15 from 28.9 per cent in the previous year. (Source: RBI, 'Report on Trend and progress of Banking in India 2014-15, available at *http://www.rbi.org.in/*)

Constituents of the Indian Banking Industry

The Reserve Bank of India

The RBI is the central regulatory and supervisory authority for the Indian banking sector. Besides regulating and supervising the banking system, the RBI performs the following important functions:

- acts as the central bank and the monetary authority;
- issues currency;
- manages debt for the central and certain state governments that have entered into agreement with it;
- regulates and supervises NBFCs;
- manages the country's foreign exchange reserves;
- manages the capital account of the balance of payments;
- regulates and supervises payment settlement systems;
- operates a grievance redressal scheme for bank customers through the banking ombudsmen and formulates policies for fair treatment of banking customers; and
- develops initiatives such as financial inclusion and strengthening of the credit delivery mechanisms to priority sectors and weaker sections, including agricultural entities, small and micro-enterprises and for affordable housing and education.

The RBI issues guidelines on various issues relating to the financial reporting of entities under its supervision.
These guidelines regulate exposure standards, income recognition practices, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy. All the institutions under the purview of the RBI are required to furnish information relating to their businesses on a regular basis.

Public sector banks
Public sector banks are scheduled commercial banks with a significant Government shareholding and constitute the largest category in the Indian banking system. These include the SBI and its six associate banks, 20 nationalized banks and 64 regional rural banks. As of fiscal year 2015, Banks in India had total deposits of approximately ₹94,351 billion and loans and advances of approximately ₹73,882 billion. (*Source: Statistical Tables Relating to Banks in India, 2014-15*.) Regional rural banks were established from 1976 to 1987 by the central Government, state governments and sponsoring commercial banks jointly, with a view to develop the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural laborers. The NABARD is responsible for regulating and supervising the functions of the regional rural banks.

Private sector banks

After bank nationalization was completed in 1969 and 1980, the majority of Indian banks were public sector banks. Some of the existing private sector banks, which showed signs of an eventual default, were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry by the private sector into the banking system. This resulted in the emergence of new private sector banks.

The Union Finance Minister made an announcement in his budget speech for 2010-11 that there was a need to extend the geographic coverage of banks and improve access to banking services and the RBI considered whether to begin granting additional banking licenses to private sector players. Following the budget announcement, the New Banks Licensing Guidelines were issued by the RBI in February 2013 specifying that select entities or groups in the private sector, entities in the public sector and non-banking financial companies with a successful track record of at least 10 years would be eligible to promote banks. Subsequently, in year 2015 two new private sector banks i.e. IDFC Bank Limited and Bandhan Bank Limited have been added to Schedule II of RBI Act after getting a in principle approval in 2014. Presently there are 22 private sector banks including newly added banks.

Foreign banks

As of fiscal year 2015, there were 46 foreign banks with 325 offices operating in India. (*Source: RBI website, data as of December 31, 2015*.)

As part of the liberalization process, the RBI has permitted foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. Foreign banks operate in India through branches of the parent bank. The primary activity of most foreign banks in India has been in the corporate segment. However, in recent years, some of the larger foreign banks have started to put a greater emphasis on consumer financing based on the growth opportunities in India.

In 2009, as part of the liberalization process that accompanied the second phase of the reform process that began in 2005, the RBI began permitting foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-banking financial company subsidiaries or joint ventures for both corporate and retail lending. In 2004, the RBI stipulated that banks, including foreign banks operating in India, should not acquire any fresh stake in another bank's equity shares if by such acquisition, the investing bank's holding would exceed 5.0% of the investee bank's equity capital. In February 2005 the RBI issued a "Roadmap for Presence of Foreign Banks in India", announcing the following measures to be implemented in two phases:

- During the first phase (from March 2005 through to March 2009), foreign banks were allowed to establish a presence by setting up wholly owned subsidiaries or by converting existing branches into wholly-owned subsidiaries.

- Also during the first phase, foreign banks were allowed to acquire a controlling stake in private sector banks identified by the RBI for restructuring. This was only to be done in a phased manner.

- For new and existing foreign banks, proposals were made to go beyond the existing World Trade Organization commitment of allowing increases of 12 branches per year. A more liberal policy will be followed for areas with a small number of banks.

- During the second phase (from April 2009 onwards) and after a review of the first phase, foreign banks would be allowed to acquire up to 74.0% in private sector banks in India.

In April 2009, in light of deteriorating global financial markets, the RBI postponed the second phase until greater clarity emerged as to recovery and reform of the global regulatory and supervisory architecture. In January 2011, the RBI released a draft discussion paper on the mode of presence of foreign banks in India. The paper indicates a preference for a wholly-owned subsidiary model of presence over a branch model. Other recommendations of the discussion paper include requiring systemically important foreign banks to convert their Indian operations into wholly-owned subsidiaries, a less restrictive branch expansion policy and ability to raise Rupee debt through issuance of non-equity capital instruments for such converted subsidiaries, lower priority sector targets as compared to domestic banks and unified regulation for both Indian and foreign banks with respect to investments in subsidiaries and associates.

In July 2012, the RBI revised priority sector lending norms and mandated foreign banks with 20 branches or more in India to meet priority lending norms as prescribed for domestic banks. In November 2013, the RBI issued a scheme for setting up wholly-owned subsidiaries by foreign banks in India. The scheme envisages that foreign banks that commenced business in India after August 2010, or do so in the future, would be permitted to do so only through wholly-owned subsidiaries if certain specified criteria apply to them. These criteria include incorporation in a jurisdiction which gives legal preference to home country depositor claims in case of a winding up proceeding, among others. Further, a foreign bank that has set up operations in India through the branch mode after August 2010 will be required to convert its operations into a subsidiary if it is considered to be systemically important. A bank would be considered to be systemically important if the assets on its Indian balance sheet (including credit equivalent of off-balance sheet items) equals 0.25% of the total assets (inclusive of credit equivalents of off balance sheet items) for all scheduled commercial banks in India as of 31 March of the preceding year.

Establishment of a subsidiary would require approval of the home country regulator/supervisor and the RBI, which would be subject to various factors including economic and political relations with the country of incorporation of the parent bank and reciprocity with the home country of the parent bank. The regulatory framework for a subsidiary of a foreign bank would be substantially similar to that applicable to domestic banks, including with respect to priority sector lending and branch expansion. Wholly-owned subsidiaries of foreign banks may, after further review, be permitted to enter into merger and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 74.0% that is currently applicable to Indian private sector banks.

Cooperative banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban, semi-urban and rural areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect from 24 September 2004, specifies that all multi-state cooperative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban cooperative societies, NABARD, state cooperative banks and district central cooperative banks. The wide network of co-operative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal banking network.

Recent Structural Reforms

Amendments to the Banking Regulation Act

The Government promulgated an ordinance in 2007 enabling the RBI to specify the SLR without any floor rate. The ordinance has subsequently been repealed and replaced by the Banking Regulation (Amendment) Act, 2007.

Amendments to the RBI Act

In May 2006, the Indian Parliament approved amendments to the RBI Act removing the floor rate of 3.0% for a CRR requirement, giving the RBI discretion to reduce the CRR to less than 3.0%. The amendments also created a legal and regulatory framework for derivative instruments.

Amendments to Laws Governing Public Sector Banks

In 2006, the Indian Parliament amended the laws governing India's public sector banks permitting these banks to issue preference shares and make preferential allotments or private placements of equity. The amendments also authorize the RBI to prescribe 'fit and proper' criteria for directors of such banks and to permit the supersession of their boards and appointment of administrators in certain circumstances.

Amendments to the Banking Regulation Act

In December 2012, the Indian Parliament amended the laws governing the banking sector. The main amendments are as follows:

- to permit all private banking companies to issue preference shares that will not carry any voting rights, subject to RBI guidelines;
- to make prior approval of the RBI mandatory for the acquisition of more than 5.0% of a banking company's paid-up capital or voting rights by any individual or firm or group, and empower the RBI to impose conditions while granting approval for such acquisitions;
- to empower the RBI, after consultations with the Government, to supersede the board of a private sector bank for a total period not exceeding twelve months, during which time the RBI will have the power to appoint an administrator to manage the bank;
- to give the RBI the right to inspect affiliates of enterprises or banking entities (affiliates include subsidiaries, holding companies or any joint ventures of banks); and
- to restrict the maximum voting power exercisable by a shareholder in a private banking company to 26% irrespective of its total shareholding and raise the ceiling for voting rights of shareholders of a nationalized bank from 1% to 10%.

Insurance Laws (Amendment) Bill 2008

The Insurance Laws (Amendment) Bill, 2008 was introduced in the Indian Parliament in 2008 and currently includes the following provisions:

- to raise the foreign investment limit in the insurance sector from 26.0% to 49.0%; and
- to eliminate the requirement that Indian promoters of an insurance company reduce their stake to 26.0% after ten years.

Indradhanush Scheme

Government has also launched Indradhanush Scheme to revamp the Public Sector Banks. The Scheme envisages various measures for revamping the banks including separating the post of Chairman and Managing Director by prescribing that in the subsequent vacancies to be filled up the CEO will get the designation of MD & CEO and there would be another person who would be appointed as non-Executive Chairman of PSBs. Government also envisage to make contribution of ₹70,000 crore over a span of four financial to the capital of banks. The government also envisage steps to destress the public sector banks. The government also envisaged that there shall be no interference in working of the Banks. A framework for accountability of the Banks have been also set up.

Banks Board Bureau

With a view to improve the Governance of Public Sector Banks (PSBs), the Government had decided to set up an autonomous Banks Board Bureau. The Bureau will recommend for selection of heads - Public Sector Banks and Financial Institutions and help Banks in developing strategies and capital raising plans. Now, the Government has announced the constitution of Banks Board Bureau which will have three ex-officio members and three expert members in addition to Chairman. All the Members and Chairman will be part time. The BBB, which will start functioning from April, 2016.

Local Area Bank/Small Finance Bank/ Payment Banks

India did experiment with small banks following an announcement made by the then Finance Minister in the Union Budget in August 1996 and the RBI issued guidelines for setting up of Local Area Banks (LABs) vide its Press Release dated August 24, 1996. The LABs were conceived as low cost structures which would provide efficient and competitive financial intermediation services in a limited area of operation, i.e., primarily in rural and semi-urban areas. LABs were required to have a minimum capital of ₹5 crore and an area of operation comprising three contiguous districts. Presently, four LABs are functioning satisfactorily.in the Union Budget 2014-2015 presented on July 10, 2014, the Hon'ble Finance Minister announced that:

"After making suitable changes to current framework, a structure will be put in place for continuous authorization of universal banks in the private sector in the current financial year. RBI will create a framework for licensing small banks and other differentiated banks. Differentiated banks serving niche interests, local area banks, payment banks etc. are contemplated to meet credit and remittance needs of small businesses, unorganized sector, low income households, farmers and migrant work force".

Subsequently to cater the need of local and small and unserved section of the societies different guidelines for Small Finance Banks, and Payment Banks have been formulated by RBI. Objective of Small Finance Banks is to further financial inclusion by (i) provision of savings vehicles primarily to unserved and underserved sections of the population, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganized sector entities, through high technology-low cost operations. Objective of Payment Banks is inclusion by providing (i) small savings accounts and (ii) payments/remittance services to migrant labour workforce, low income households, small businesses, other unorganized sector entities and other users. (*Source: RBI website*)

Strategic Debt Restructuring Scheme

Strategic Debt Restructuring Scheme was launched with view to ensuring more stake of promoters in reviving stressed accounts and providing banks with enhanced capabilities to initiate change of ownership, where necessary, in accounts which fail to achieve the agreed critical conditions and viability milestones. Banks have been advised to consider using SDR only in cases where change in ownership is likely to improve the economic value of the loan asset and the prospects of recovery of their dues. *(Source: RBI Website)*

Legislative Framework for Recovery of Debts due to Banks

In financial year 2003, the Indian Parliament passed the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**"). The SARFAESI Act provides that a secured creditor may, in respect of loans classified as non-performing in accordance with RBI guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets. The SARFAESI Act also provides for the setting up of asset reconstruction companies regulated by the RBI to acquire assets from banks and financial institutions. The RBI has issued guidelines for asset reconstruction companies in respect of their establishment, registration and licensing by the RBI, and operations. Asset Reconstruction Company (India) Limited, set up by the Industrial Development Bank of India, State Bank of India and certain other banks and institutions, received registration from the RBI and commenced operation in August 2003. Foreign direct investment is now permitted in the equity capital of asset reconstruction companies and investment in security receipts issued by asset reconstruction companies by foreign institutional investors registered with the SEBI is permitted, subject to certain conditions and restrictions.

Several petitions challenging the constitutional validity of the SARFAESI Act were filed before the Indian Supreme Court. The Supreme Court, in April 2004, upheld the constitutionality of the SARFAESI Act, other than the requirement originally included in the Act that the borrower deposit 75.0% of the dues with the debt recovery tribunal as a pre-condition for appeal by the borrower against the enforcement measures. In November 2004, the Government issued an ordinance amending the SARFAESI Act. The Indian Parliament has subsequently passed this ordinance as an act. This act, as amended, now provides that a borrower may make an objection or representation to a secured creditor after a notice is issued by the secured creditor to the borrower under the act demanding payment of dues. The secured creditor has to give reasons to the borrower for not accepting the objection or representation. The act also introduces a deposit requirement for borrowers if they wish to appeal the decision of the debt recovery tribunal. Further, the Act permits a lender to take over the business of a borrower under the SARFAESI Act under certain circumstances (unlike the earlier provisions under which only assets could be taken over). See also "*Supervision and Regulation*" beginning on page 82.

Earlier, following the recommendations of the Narasimham Committee, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 was enacted. This legislation provides for the establishment of a tribunal for speedy resolution of litigation and recovery of debts owed to banks or financial institutions. The Act created tribunals before which the banks or the financial institutions can file a suit for recovery of the amounts due to them. However, if a scheme of reconstruction is pending before the BIFR, under the Sick Industrial Companies (Special Provisions) Act,1985, no proceeding for recovery can be initiated or continued before the tribunals. This protection from creditor action ceases if the secured creditor takes action under SARFAESI Act. While presenting its budget for financial year 2002, the Government announced measures for the setting up of more debt recovery tribunals and the eventual repeal of the Sick Industrial Companies (Special Provisions) Act, 1985. To date, however, this Act has not been repealed.

Corporate Debt Restructuring Forum

The RBI has devised a corporate debt restructuring system as an institutional mechanism for the restructuring of corporate debt. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems, outside the purview of the BIFR, debt recovery tribunals and other legal proceedings. In particular, this framework aims to preserve viable corporations that are affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and coordinated restructuring program. The corporate debt restructuring system is a non-statutory mechanism and a voluntary system based on debtor-creditor and inter-creditor agreements.

BUSINESS OVERVIEW

We are a leading public sector commercial bank in India, offering banking products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. Our Bank was founded on November 20, 1936 and our first branch was opened on February 10, 1937. We are one of the 14 major banks that was nationalized in 1969. As of March 31, 2016, the Government of India owned 77.32% of our Bank and, accordingly, exercises control over our management and operations.

- Chamber of Indian Micro Small & Medium Enterprises, Delhi have given the following awards for Indian Overseas Bank - 2015. –
  - MSME Banking Excellence Awards 2015.
  - Best Eco-Tech Savvy Bank for Mid-Sized Bank - Winner
  - Best Bank under MUDRA Yojna for Mid-Sized Bank - Winner
  - Best Bank for Promotional Scheme for Mid-Sized Bank - Runner Up

We are engaged in a wide variety of banking activities, such as corporate, micro, small and medium-sized enterprises ("***MSME***") and retail banking, and offer a wide range of financial products and services to corporate, SME and retail customers, including both resident and non-resident Indians. We also provide funding to sectors identified by the Government as Priority Sectors, with specific focus on agriculture and MSME. Our corporate and SME banking services to Indian corporates include providing project and corporate finance, working capital, short term credit, cash management, forex loan products such as export import credit, LC, LG, buyers' credit. Our Bank also handles treasury functions of State and Central Governments. Our retail banking services include consumer lending and deposit services. We offer a wide range of consumer credit products, including personal loans, home loans, vehicle loans, education loans, mortgage loans, jewel loans and credit card services. Our deposit products include savings accounts, time deposits and tailored deposit products for customers in various sectors, such as accounts for high net worth individuals, non-resident Rupee accounts, annuity-linked deposit schemes and tax-saving deposit products.

Our other businesses include merchant banking, bancassurance (marketing of life and non-life insurance products), international banking, sale of mutual fund products, corporate cash management services, trustee and taxation services, agricultural lending and depository services. We also undertake the sale of life insurance with LIC of India and general insurance products through our joint venture Company, Universal Sompo General Insurance, a joint venture between Indian Overseas Bank, Allahabad Bank, Sompo Japan Insurance Inc., Karnataka Bank and Dabur Investments. Our Bank also markets health insurance products of Apollo Munich Health Insurance Company Limited.

Our total assets have increased from ₹244,656.03 crore as of March 31, 2013 to ₹285,636.98 crore as of March 31, 2015 at a CAGR of 8.0% and our total deposits have grown from ₹202,135.35 crore as of March 31, 2013 to ₹246,048.72 crore as of March 31, 2015 at a CAGR of 10.3%. Our total advances have increased from ₹160,364.12 crore as of March 31, 2013 to ₹171,756.02 crore as of March 31, 2015 at a CAGR of 3.5%. Our total income has increased from ₹22,649.63 crore as of March 31, 2013 to ₹26,076.93 crore as of March 31, 2015 at a CAGR of 7.3%. Our net profit decreased from ₹567.23 crore for the year ended March 31, 2013 to a loss of ₹454.33 crore for the year ended March 31, 2015. In addition, the number of our branches has increased from 2,908 as of March 31, 2013 to 3,403 as of December 31, 2015 at a CAGR of 8.2%. As of December 31, 2015, our Bank's total deposits were ₹230,670crore and our total advances were ₹179,349crore. Our Bank's total income was ₹19,887.83crore as of December 31, 2015 on which we incurred a net loss of ₹1,961.13crore.

History of our Bank

CY	Significant Milestone
1936	Indian Overseas Bank was founded by Shri M.Ct.M Chidambaram Chettiar
1937	Business commenced in three branches simultaneously on inaugural day itself--both in India and abroad
1957	Established 1st Training Centre
1968	Established a full-fledged Agricultural Department
1984	Established 1000th Branch
1998	Got Autonomous status
1999	1st Bank to obtain ISO 9001 Certification for Computer Policy and Planning Department
2000	Initial Public Offer
2001	Bagged NABARD's award for credit linking the highest number of Self-Help Groups among banks in Tamil Nadu
2001	Pilot run of Phase I of the Internet Banking commenced covering 34 branches in 5 Metropolitan centers
2001	Bank Paid maiden dividend of 10%

CY	Significant Milestone
2003	Follow on Public Offer
2005	Launched Debit Card
2006	Net Profit reached ₹1000 crore
2009	100% Core Banking Solution
2009	Launched Mobile Banking
2010	Established 2,000th Branch
2013	Established 3000thBranch
2015	Bank Surpassed the Landmark of 3,000 ATMs
2016	All branches successfully migrated from in house CBS platform "CROWN" to FINACLE.

OUR STRENGTHS

Strong brand recognition and extensive network

We are committed to improving our customer delivery experience and towards this end, have continually invested in more points-of-presence for service delivery to our retail and corporate customers alike. As of December 31, 2015, our Bank had 3,403 branches. In addition to our domestic branches, we also have 8 foreign branches, three representative offices, two remittance centers and a joint venture in Malaysia.

Additionally, in order to develop niche areas of service, as of December 31, 2015, our Bank's branches included 66 specialized service branches, which consisted of 26 SME branches, 8 prime corporate and 16 mid-corporate branches and16 asset recovery management branches, among others. In addition, as of December 31, 2015, our Bank had opened e-corridors in select branches with facilities such as ATMs, cash deposit kiosks, cheque deposit kiosks, self-printing passbook kiosks, internet banking terminals, online trading terminals, corporate website access and interactive video conference systems.

We have also significantly increased our total number of ATMs from 1,883 as of March 31, 2013, to 2,533 as of March 31, 2014, to3,571 as of March 31, 2015, to a total of3,780 ATMs as of December 31, 2015.

Diverse product and service mix

Our extensive network allows us to provide banking services to a wide variety of customers, including large and small to medium corporations, institutions and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers throughout India. Our assets are diversified across business segments, industries, and groups, which gives us stability. Moreover, we offer a full range of banking products and services including short-term and long-term deposits, secured and unsecured loans, internet banking, credit cards, life insurance, merchant banking and agricultural banking products and project finance loans. As a result of our extensive network and product offerings, we are able to meet our customers' diverse banking needs.

Scalable Technology Infrastructure

Over the years we have invested heavily in increasing the use of technology not only from a user interface perspective, but also internally. Our technology has helped us in ensuring automated data flow between departments, thereby increasing the effectiveness of our commitment to our customers and reducing lead and turnaround times. In recognition of our efforts, we were awarded the IBA award for The Best use of Data in FY16 and also received the Skoch Order of Merit for Financial Inclusion & Automated Data Flow/MIS Project.

In order to ensure scalability of our operations and increase the efficacy of our risk management systems while improving the user experience, our Bank is migrating from the in-house CBS Solution, Crown, to Finacle, which is used by banks across 84 countries and serves over 45 crore customers. We believe that this will allow us to focus our energies on strengthening processes and systems. As on date all the branches of our Bank Branches have been migrated to the new Finacle platform. Finacle End User Training is being conducted at Staff Training College, Chennai and at 12 Staff Training Centers across the country in which 9,982 staff members have been trained so far.

In order to improve the quality of decision making and asset quality, our bank has introduced the Business Intelligence(BI) Suite, which gives interactive dashboards and alerts and allows for advanced analytics. In addition, we have put in systems to store large amounts of data with.

Efficient Asset Liability Management

Our Bank funds its loan assets mainly through deposits for its domestic operations. However, in overseas branches a portion of the loan assets are funded through interbank borrowings apart from funding through deposits. The Bank maintains an Efficient Asset Liability Management through bucket wise classification of assets and liabilities which is monitored at regular interval by a ALCO committee.

We have also maintained a steady CASA deposit base through our wide network of branches, our CASA as a percentage of total domestic deposits were at 25.35%, 25.89%, 26.96% and 26.32% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015. Further, our credit to deposit ratio has also remained steady at 72.77%, 73.73%, 74.13% and 77.75% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015.

We have also ensured that our provision coverage ratio, which was at 50.92%, 54.94%, 58.89% and 50.36% for the financial years 2015, 2014, 2013 and nine months ended December 31, 2015, respectively, is able to absorb the impact of our non-performing loan portfolio.

OUR STRATEGY

Our long term strategy is to emerge as a global bank, with best practices with respect to asset portfolio management, customer orientation, product innovation, profitability and corporate governance, and to enhance value for our shareholders.

In the medium term, our key business strategy includes:

Focus on capital optimization and profit maximization

We have put in place a robust risk management architecture with due focus on maximizing our business operations that will in turn maximize profit or return on equity. To enable a more efficient, equitable and prudent allocation of resources, we will benchmark our operations on globally accepted, sound risk management systems and conform to the Basel III framework, particularly in relation to capital adequacy. To counter the impact of the NPAs on our Bank's financial position, our Bank is following a multi-pronged approach including creation of a robust follow up and recovery mechanism that is monitored from the head office and creation of specialized NPA recovery branches to takeover high value NPAs from branches.

Further, we aim to reduce our dependence on high cost deposits and have already managed to decrease this from ₹26,200 crore in FY15 to ₹7,250.17 crore as on December 31, 2015. This we believe, will help in reducing our cost of funds.

We further aim to improve productivity by creating a culture of cost control and cost consciousness internally by striking an efficient and effective balance between people, processes and technology through the optimal allocation and utilization of resources.

Further improve our cost of funds by focusing on CASA

Our business had been facing pressures, coupled with an increase in the high-cost deposits, our CASA deposits as a percentage of the total deposits had been declining at 26.96%, 25.89% and 25.35% for the financial years ended 2013, 2014 and 2015, respectively, however our marketing campaigns and incentives to increase our CASA deposits is beginning to show results with an increase in our CASA deposits as of December 31, 2015 to26.3% of total deposits, thereby helping in marginally reducing our cost of funding. Our focus is on expanding our customer base through our existing network of branches, which we believe will help in increasing our CASA deposits.

Focus on fee based income

We intend to focus on increasing our fee based income by focusing on *bancassurance*, cross-selling of mutual fund products, corporate cash management, industrial advisory, depository, syndicate desk, merchant banking, trustee and taxation related services. We intend to grow our income from fee based services by introducing new products and services and by cross-selling our offerings to our existing customers. We also intend to pursue strategic relationships with corporate entities and Government departments to provide our products to their employees and customers.

PRODUCTS AND SERVICES

We organize our business into the following business lines:

→ Priority Sector
→ Large Corporates

→ Mid Corporates
→ Retail Banking
→ Treasury Operations
→ Forex Operations
→ ParaBanking Activities

Priority Sector Lending

The Bank's gross credit under priority sector has increased from ₹58,090 crore as on March 31, 2014 to ₹ 63,635 crore. As of December 31, 2015 it has further increased to ₹65, 315 crore Further, RBI has revised the Priority Sector classification effective from April 2015 (for more details on RBI's review of the Priority sector, please see the Industry on page 92

MSME

The Micro, Small and Medium Enterprises (MSME) segment forms a major thrust area for our Bank. 'IOB SME EASY' has been launched for the MSME segment to take care of the main problems of delayed realization of receivables. To address the credit requirement of MSME in the State of Tamil Nadu, the Bank has signed a MOU with Tamil Nadu Small and Tiny Industries Association (TANSTIA). The Industries Association is sponsoring applications of the members seeking credit requirements. The Bank has also signed an MOU with the Confederation of Indian Industry (CII) and an MOU with Bharatiya Yuva Sakthi Trust (BYST) by covering all categories of entrepreneurs including all SC/ST/Women beneficiaries. The Chamber of Indian Micro Small and Medium Enterprises (MSME) has awarded Banking Excellence Award to the Bank for New Initiatives made during 2013-14.

Agriculture

Bank has segment oriented AgriProducts namely IOB-Warehouse Receipt Finance scheme, IOB-Agri Transport, IOB-Urban Horticulture, IOB-Green Credit, IOB-Bhumi Lakshmi, IOB-Sagara Lakshmi ,IOB-Kisan Tatkal scheme.

Agri Clinic

Agri Clinics are centers started and managed by trained agricultural graduates who provide expert services and advice to farmers on various agricultural practices.

Agri Kisan Credit Card

Kisan Credit Card scheme aims at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation and investment credit requirements.

Weaker Sections

The Bank has granted loans to weaker section of the society and the outstanding as on December 31, 2015 is ₹18,030 crore 10.75 % of ANBC and as on as against the target of 10%. Outstanding under loans to SC/ST under Priority Sector as on December 31, 2015 stood at ₹8320.27 crore 12.74% of total priority sector advances as against achievement of 12.45% on March 31, 2015 and 11.68% last year. Outstanding loans to minority communities stood at ₹9,793 crore which is 15.39% of total priority sector advances as against norm of 15%.

Microfinance and credit flow to women

During the year, the Bank credit-linked 53,404 Self Help Groups (SHGs) with a credit outlay of ₹1000 crore. The cumulative number of SHGs credit linked by the Bank stood at 6,12,076 with aggregate lending of ₹6,792 crore as of March 2015.

Bank's credit flow to women at ₹22,753 crore as of March 31, 2015 constitutes 13.94% of the Bank's Adjusted Net Bank ***Credit***

During the period April 2015 to December 2015, the Bank credit-linked 27217 Self Help Groups (SHGs) with a credit outlay of₹ 441.84 crore. The cumulative number of SHGs credit linked by the Bank stood at 6,03,265 with aggregate lending of ₹ 7,234.21crore as of December 2015.Bank's credit flow to women at ₹ 22,551.46 crore as of December 31, 2015 constitutes 13.44% of the Bank's Adjusted Net Bank Credit.

Corporate Lending

Our corporate lending operations are conducted under our large corporate and mid corporate segments. Key products offered to corporate customers include medium to long term project financing, working capital financing, syndicated loans, short-term credit products lined to market benchmarks and derivative products, among others.

We have extended project financing to a diverse range of sectors including manufacturing, processing, services, trading, health care, education and tourism, among others. In particular, we have focused on providing credit to infrastructure projects such as power, roads, telecom and ports, among others, due to the importance of such projects to India and its economy. We generally provide term loans up to a maximum repayment period of 7 years including holiday period. However, in respect of infrastructure projects, the repayment period is longer and generally of 7 to 10 years, depending on the cash flows generated from such projects. Pricing of such credits will be based on the risk rating of the borrower or project generated from such project.

We provide working capital finance in the form of fund based credit facilities such as cash credit, overdraft, packing credit, bills limit, book debts finance and non-fund based credit facilities such as letters of credit, bank guarantees and co-acceptances.

We also provide short term credit products for a duration of three to six months with rates of interest linked to market benchmarks such as LIBOR. Based on a variety of factors, including the market conditions and our liquidity position, we determine the pricing of these products.

We have also developed significant loan syndication capabilities for arranging project finance for corporations. We leverage our capabilities to increase our interest income from such services. Our overseas operations also help our corporate customers in conducting their export/import operations.

Large Corporates:

Our large corporate vertical is a major vertical for the bank that caters to credit requirements that exceed ₹100crore. Under this vertical, our Bank has a fund based exposure of ₹84,634 crore and non-fund exposure of ₹17,478 crore for the year ended March 31, 2015. We operate specialized large corporate branches located at Ahmedabad, Bangalore, Coimbatore, Delhi, Hyderabad, Kolkata and Mumbai, where a majority of the large corporates have their primary places of business. These specialized large corporate branches have exposure of around ₹13,395 crore as on March 31, 2015. In addition to the specialized large corporate branches, we also operate 15 branches in metropolitan centers that have been identified as large corporate branches. These specialized branches are focused on lending to borrowers and make available necessary expertise in credit appraisal and quick delivery of credit. These branches send the credit proposals directly to Central Office for expediting process.

Mid Corporate

Mid Corporate Group takes care of lending requirements of borrowers in the range of ₹40crore and upto ₹100crore. The Bank has 16 specialized branches, fully operational all over India in various cities. These branches possess necessary expertise in credit appraisal for quicker delivery of credit reporting to the credit vertical directly. Mid Corporate branches have incrementally contributed ₹620 crore of Fund Based exposure and ₹439 crore of non-fund based exposure during the period 01/04/2015 to 31/12/2015taking our Bank's exposure under Mid Corporate segment as on Dec 31, 2015 to ₹11,580 crore.

Treasury Products

We operate in the domestic and international money, foreign exchange and derivatives markets to hedge our customers' risks on foreign exchange and interest rates. We offer a number of treasury products, such as spots, forwards, buyers' credit, standby LCs and swaps for hedging short term exchange risk on foreign currency receivables and payables and options and swaps for hedging medium and long term foreign exchange risk. We also offer various foreign exchange products and services for expatriate workers to remit foreign exchange through electronic fund transfers, SWIFT remittances and demand drafts.

The Bank also handles treasury business of the Government of Tamil Nadu at 12 branches and Government of Orissa at 3 branches and handled ₹270 crore of receipts and ₹1351crore of payments. The Bank also received authorization for handling treasury business by one branch in Kerala. The Bank services the account of Planning Commission, National Informatics Centre and Department of Telecommunications during 2014-15.

The Treasury section also manages the investments of the Bank including SLR investments**.** Gross domestic investments as of December 31, 2015 have stood at ₹86, 649crore as against ₹76,260 crore as on March 31, 2015 and ₹68,006crore as on March 31, 2014 registering a growth of 13.62% over the nine months and 12.13% over the previous year.

Forex Operations

The total merchant turnover for 2014-15 including AD branches amounted to ₹1,27,421 crore as against ₹1, 30,319 crore in 2013-14. This includes the precious metal business of the Bank for 2014-15 to the tune of ₹457 crore (1,010 kgs) which is a considerable drop as against ₹1,470 crore (5,768 kgs) in the previous year. The merchant turnover of the bank during the nine month period ended December 31, 2015 was₹94, 685.32 crore. This includes precious metals business of ₹ 350.51 crore. The Bank is working on the strategies to increase its share of export credit to achieve RBI target of 12% of ANBC.

Retail Operations

Our Bank's Retail Sector Lending loan portfolio amounted to ₹18,495crore as of December 31, 2015, which accounted for 10.31% of our total loan asset portfolio. We have a variety of retail loan and deposit products to meet our customers' needs. Retail loan products include housing loans, vehicle loans, personal loans, education loans, loan facilities for professionals and specialized loan schemes for corporate employees, SMEs and the agriculture sector. Our retail deposit products include savings accounts, time deposits and specific products for customers in various sectors, such as accounts for high net-worth individuals, non-resident Rupee accounts and tax-saving deposit products.

Retail Lending

Our retail credit products include financing for home building, renovation and furnishing, purchase of automobiles, household articles and education.

We deliver our retail credit products through our Bank's network of 3,403 branches as of December 31, 2015, which is supported by our retail lending centralized processing units and retail lending marketing teams at major cities across India. We also aggressively market our retail credit products to employees of several Government departments, multinationals and corporations, real estate developers and automobile manufacturers and dealers.

The table below sets out our retail credit portfolio as of the dates indicated:

	As of March 31,			**As of**
₹crore	**2013**	**2014**	**2015**	**December 31, 2015**
Auto loans	782	1,074	1,337	1,504
Personal loans	460	539	584	719
Housing loans	5,041	6,078	6,821	8,525
Educational loans	2,978	3,597	3,958	4,320
Other retail loans	5,799	5751	4,831	3,428
Gross retail loans	15,061	17,039	17,532	18,495
Total credit	1,64,366	1,81,081	1,79,041	1,79,349

Retail Deposits.

Our retail deposit products include the following:

- *Savings accounts*. Demand deposits for retail customers that accrue interest at a fixed rate and offer withdrawal facilities through cheque books and debit cards.

- *Current accounts*. Non-interest bearing demand deposits.

- *Time deposits*. Tenure based deposits of a fixed amount over a fixed term that accrue interest at a fixed rate and may be withdrawn before maturity in accordance with applicable terms and conditions. Tenures range from seven days to 10 years.

Credit and Debit Cards

We offer credit cards (global and domestic) in association with VISA and Master Card. We also issue debit cards (global and domestic) in association with VISA, Master Card and NPCI. All our ATMs and designated branches provide cash advance facilities to credit card holders. As of December 31, 2015, our Bank has issued over 52,486 credit cards, comprising mostly credit cards issued to individuals, and over over1.16 crore debit and proprietary ATM cards.

Non-Resident Products and Services

We provide a variety of services to non-resident Indians. Such products and services include foreign currency non-resident term deposits, rupee deposits from overseas (savings and term deposits), fixed deposits, non-resident ordinary deposits, savings account in Rupees, remittance services, portfolio management services and housing loans.

Parabanking

Apart from the segments mentioned above, our bank also conducts business through the following segments:

Other Banking Activities

All general banking branches in India have been made ASBA enabled branches to accept ASBA applications for initial public offerings, further public offerings and Rights Issues. E-ASBA has continued to be in usage effectively by the customers. The Bank is also acting as a Syndicate ASBA Bank to accept IPO/FPO/Rights applications from Brokers. The Bank is registered to act as Merchant Banker for issues, Debenture Trustee, Collecting Bankers to Non ASBA Applications, Paying Banker for Dividend/Interest Warrants etc. The Bank is a Depository Participant (DP) of NSDL and is extending depository related services through 56 service centre branches. In order to cater to the financial requirements of Stock Brokers, Bank has a Capital Market Services Branch at Mumbai which takes necessary steps to improve its services.

Our bank has a distinct division, namely the 'Merchant Banking Division' which undertakes the following activities under the licenses issued by the respective authority.

License issued by	Details of activity	Registration Number	Renewal fees paid upto
SEBI	Debenture Trustee	IND000000014	July 31, 2018
SEBI	Bankers to the Issue	INBI00000044	December 31, 2018
SEBI	Merchant Bankers	INM000001386	June 30, 2017
NSDL	Depository Participant NSDL	IN-DP-NSDL-57-98	May 19, 2019
CDSL	Depository Participant CDSL	IN-DP-CDSL-652-2012	March 13, 2017

Strategic Partnerships

Our Bank is continually forging relationships with corporates and other market players to permeate the Indian customer base. We are steadily increasing our customer base by partnering with service providers across industry sectors. Our major strategic tie ups are as follows:

Sr. No.	Other Party	Dated	Objective of Partnership/ Agreement
1.	Tata Motors Limited	February 24, 2015	MOU for increasing the retail share to finance their various models vehicles
2.	M/s Andromeda Energy Technologies (P) Ltd (AETPL)	February 24 2015	MOU for to increase the market share in solar home systems segment with the existing product IOB Surya
3.	Skilworth Technologies Private Limited Bijlipay (Mobile POS)	June 16, 2014	This Mobile device is a state of art of technology which can be used by small/medium merchants like kirana shops, Restaurants, Car rentals etc. to develop end to end solution
4.	Apollo Munich Health Insurance	December 30, 2014	Stand Alone Platform for distribution of Group Product - Easy Health Group Insurance which is exclusively designed for Bank customers.
5	UTI Infrastructure Technology and Services Limited	January 4, 2016	Agreement for PAN Service Agency for collecting and receiving PAN Application Form and for providing other related services
6	Union KBC Asset Management Company Private Limited	July 8, 2014	Distribution Agreement to manage and operate the assets of the mutual fund

Our Bank's performance in social linkage schemes

Pradhan Mantri Jan-Dhan Yojana (PMJDY)

SLBC, Tamil Nadu has conducted State Level launch function of PMJDY on August 28, 2014 successfully. SLBC has facilitated 100% coverage of households by opening of minimum one account per household under PMJDY Scheme in Tamil Nadu. All the 32 districts in the state have been issued saturation certificate. Banks have opened 76.12 lacs accounts in Tamil Nadu under PMJDY on December 31, 2015. SLBC, Tamil Nadu has established an exclusive Toll Free number to PMJDY for grievance redressal. SLBC, Tamil Nadu has organized IBA's Capacity Building for BCs –First phase of the programme "Train the Trainers" programme for all RSETI Directors and FLCCC Counsellors. Tamil Nadu is the first state in the country to organize the above training programme. PMJDY Documents have been translated to local vernacular language and the same were circulated to member Banks /LDMs etc.

Financial Inclusion

Our Bank has introduced 'Smart Card Banking through Business Correspondent' as per the guidelines of Reserve Bank of India or providing Banking facilities in un-banked villages. Smart Card Banking is now being implemented in 58 Regions by engaging 2749 Business Correspondents. The Bank has so far issued 20,13,212 smart cards and the number of transactions undertaken in the smart card terminal is 97,28,891. In co-ordination with Government of Tamil Nadu, IOB Smart Card Banking has been enabling about 2.99 lakh old age pensioners to get their monthly pension and about 0.25 lac Sri Lankan Tamil Refugees in 61 camps to obtain their monthly dole.

Our Bank's progress in financial Inclusion is provided in the below table:

Particulars	September 30, 2014 (Nos.)	March 31, 2015 (Nos.)	September 30, 2015 (Nos.)	December 31, 2015 (Nos.)
No Frills SB Accounts Opened/BSBD Accounts Opened	73,86,789	90,29,868	95,96,287	97,28,891
General Purpose Credit Cards Granted	4,52,359	4,37,657	7,27,843	7,99,893
Branches Under Smart Card Banking	977	1,088	1,121	1,140
Villages Covered Under Smart Card Banking	4,058	4,251	5,021	5,089
Business Correspondents Engaged	2,629	2,601	2,894	2,749
Bio Metric Smart Card Issued	13,35,143	16,73,126	19,50,280	20,13,212
Smart Card Banking Coverage – Regions	56	56	58	58
Smart Card Banking Coverage - State/Union Territory	21/2	21/2	24/3	24/3

Rural Self Employment Training Institutes (RSETIs)

In line with the guidelines issued by Ministry of Rural Development, our Bank has set up RSETIs at all Lead Districts to provide training to farmers, members of SHGs, beneficiaries under SGSY, educated unemployed youths, artisans and beneficiaries belonging to weaker sections. In addition to the above, the Bank has set up one RSETI in the Nilgiris District for the benefit of the tribal.

Financial Literacy & Credit Counselling Centre (FLCC) viz., SNEHA:

The Bank has contributed towards Corporate Social Responsibility by imparting Financial Literacy through Financial Literacy & Credit Counselling Centers (SNEHA) established at 23 centers which educate rural and urban people with regard to various financial products and services available from formal financial sector, provide face to face financial counseling services and offer debt counseling to indebted individuals.

NPS Lite – Swavalamban Scheme for unorganized Sector

Government of India, with a view to ensuring that persons who are economically and socially backward and employed in Unorganized sector also to get Income by way of pension at the age of 60 years, introduced the "Swavalamban" Pension scheme. The Bank has registered for 1,200 branches as NL-CC with NSDL to handle the above Scheme.

Lead Bank Scheme

The Bank has been assigned Lead Bank responsibility in 15 districts in Tamil Nadu and one district in Kerala. The Bank is also the Convener of State Level Bankers' Committee of Tamil Nadu (SLBC). During the year under review the Bank has conducted four meetings of the SLBC.

CORPORATE SOCIAL RESPONSIBILITY

IOB-Sampoorna Project – A Total Village Development Project

IOB Sampoorna is an innovative rural development project aimed at Total Village Development, encompassing several livelihood initiatives in the villages to ensure all-inclusive growth of rural population. With a view to encourage the habit of sanitization in rural areas as envisaged under Swachh Bharat mission, the Bank has provided a grant support of ₹2 lacs to Trust for Village Self Governance (TVSG) for establishing the modular concrete materials production cum demonstration center at Kuthambakkam village. The materials produced will be utilized to construct toilets for around 1000 households in the village.

Sakthi - Indian Overseas Bank Chidambaram Chettiar Memorial Trust

The Trust set up jointly by the Management of the Bank, Indian Overseas Bank Officers Association and All India Overseas Bank Employees Union to perpetuate the memory of Bank's Founder Shri. M. Ct. M. Chidambaram Chettiar, and has continued to provide Entrepreneurial Development Training to women, empower them socially and financially to meet the challenges.

RISK MANAGEMENT AND RECOVERY STRATEGIES

As part of the efforts to improve profitability, bank lays renewed emphasis on improving the CASA Ratio, improve Net Interest Margin, reduction of NPAs to a large extent through intensive recovery measures like conducting frequent Lok Adalats / Recovery Camps, One-Time Settlements and resorting to legal action under SARFAESI Act and sale of financial assets in eligible accounts.

Recovery Management

Bank has 16 specialized Asset Recovery Management Branches (ARMB) to improve the recovery under NPA accounts. The services of Recovery Agents have been utilized to expedite recovery. High value Slippage of ₹5 crore and above are being reviewed by the Board and the specific directions given by the Board is duly carried out. Top NPA accounts of ₹1 Crore and above are monitored from the corporate office on a regular basis and the borrowers are personally met by the General Manager (Law & Recovery) wherever necessary. Top Executives review all high value NPA accounts on a regular basis with field functionaries. Action under SARFAESI Act has been initiated in all eligible accounts and properties brought for sale. Frequent Lok Adalats/ Recovery camps have been conducted especially in respect of small value NPA accounts. This review and recovery action is imperative to contain the growing NPAs of our Bank. The sector wise break up of NPAs (domestic) as of December 31 2015 is 10.11% due to agricultural sector, 66.68% from the Industrial sector, 19.73% from the services sector and 3.48% from personal loans. Provided below is a tabular representation of our NPA break up:

	NPA as of December 31, 2015 (₹ in Crore)	% of Total Domestic NPA
Agriculture	2,034.91	10.11
Industry	13,420.28	66.68
Services	3,970.34	19.73
Personal	699.82	3.48
Total of Which	**20,125.35**	**100**
Commercial Real Estate	348.82	1.73

Among the industrial sector 14.87% is contributed by iron and steel, 14.12% by infrastructure. Details of the contribution by various industries is detailed in below table:

Industry	NPA as of December 31, 2015(₹in Crore)	Outstanding as of December 31, 2015(₹in Crore)	% of NPA to the respective outstanding	% of the total Domestic NPA
Iron and Steel	2993.00	11,246.42	26.61	14.87
Cotton Textiles/Other Textiles	1,551.73	4,146.33	37.42	7.71
Other Metal & Metal Products	1,305.39	2,539.99	51.39	6.49
Chemical, Dyes, Paints etc.	653.30	2,613.18	25.00	3.25
Infrastructure	2,841.12	29,010.75	9.79	14.12
Paper & Paper Products	411.17	1875.64	21.92	2.04
Construction	76.65	946.12	8.10	0.38
Sugar	290.52	1,158.97	25.07	1.44
Gems and Jewellery	211.88	800.65	26.46	1.05
Food Processing	1,029.12	3,724.51	27.63	5.11
All other Industries	2056.40	18,593.74	11.06	10.22
Sub Total	13,420.28	76,656.30	17.51	66.68
Others	6705.07	83,858.81	7.99	33.32
Total Domestic NPA	**20,125.35**	**160,515.10**	**12.54**	**100.00**

Risk Management

The Bank has adopted the New Capital Adequacy Framework (Basel III). In line with Reserve Bank of India guidelines, the Bank has adopted the Standardized Approach (SA) for computation of Credit Risk Capital, Basic Indicator approach (BIA) for calculating the capital for Operational Risk and Standardized Measurement Method (SMM) for Market Risk Capital computation. The Bank is in compliance with the regulatory requirements in this regard. The Bank is maintaining capital as per Basel III Regulations issued by RBI with effect from April 1, 2013. With regard to the guidelines on Liquidity Coverage ratio and Net Stable funding ratio, Bank is reporting on LCR to RBI from Jan 2015 onwards. Net Stable Funding Ratio is effective from January 2018. As a measure of robust credit risk management process, the Bank has formulated Credit Risk Management Policy and Collateral Management & Credit Risk Mitigation Policy duly approved by the Board. The Bank has implemented a tiered system for validation of internal credit ratings at specified levels, which is independent of credit departments, in order to draw unbiased rating for borrowers, for moving to advanced approaches. In respect of proposals falling under the powers of Bank's Central Office, the validations of ratings are done at Risk Management Department, Central Office. Exposures on Corporate /PSEs/Primary Dealers are assigned with risk weights based on available external ratings. For this purpose, the Reserve Bank of India has permitted Banks to use the ratings of the six domestic External Credit Rating Agencies and the Bank is using the ratings assigned by all these ECRAs for capital relief purpose. The Bank provides incentive by way of lower rate of interest for better rated accounts.

The Bank also conducts industry study for various industries wherever the exposure of the Bank for a particular industry is beyond a threshold limit fixed by the Bank. The Bank is also in the process of upgrading its Risk Management systems and procedure for migrating to the advanced approaches under Basel III framework.

Board Approved ALM Policy

The Bank has put in place Board approved Market Risk Management Policy and Asset Liability Management (ALM) policy for effective management of Market risk, Liquidity Risk and Interest Rate Risk. The Liquidity risk is managed through gap analysis based on residual maturity/behavioral pattern of assets and liabilities on daily basis. The Market Risk management policy lays down well defined organizational structure for market risk management functions and processes whereby the market risks (carried by the Bank) are identified, measured, monitored and controlled within the ALM framework, consistent with the Bank's risk tolerance level.

Short-Term dynamic liquidity Plan

The Bank has put in place mechanism of short-term dynamic liquidity management and contingent funding plan. Prudential (tolerance) limits are prescribed for different residual maturity time buckets for effective asset liability management. Liquidity profile of the Bank is evaluated through various liquidity ratios. The Bank has also drawn various contingent measures to deal with any kind of stress on liquidity position. The Bank ensures adequate liquidity by Domestic Treasury through systematic and stable funds planning.

Use of Gap Analysis

Interest rate risk is managed through use of gap analysis of rate sensitive assets and liabilities and monitored through prudential (tolerance) limits prescribed. The Bank estimates earnings at risk and modified duration gap periodically for assessing the impact on Net Interest Income and Economic Value of Equity with a view to optimize shareholder value. The Asset-Liability Management Committee (ALCO) / Board monitors adherence to prudential limits fixed by the Bank and determines the strategy in the light of the market conditions (current and expected) as articulated in the ALM policy.

Board Approved Operational Risk Management Policy

The Bank has framed operational risk management policy duly approved by the Board. It outlines organization structure and detailed processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management processes of the Bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling or mitigating operational risk and by timely reporting of operational risk exposures including material operational losses. Operational risks in the Bank are managed through comprehensive and well-articulated internal control framework.

CREDIT MONITORING

The Bank focuses on minimizing slippage and endeavor to reduce slippage by rigorous monitoring for asset quality improvement. The Bank also tries to activate the recovery team at Regional Offices by extending overall support to branches. It has been providing more tech-based monitoring tools to monitor even small value assets. The Bank has been putting forth rigorous efforts to ensure 100% review/renewal of accounts in time.

Credit Audit Loan Review Mechanism(“CALRM”)

The Bank evaluates the latest position of the accounts and formulates statistical projection as self-imposed targets. It has introduced systematic supporting measures methods for proactive follow ups. Observations made in *CALRM* are well informed to credit verticals apart from following up with Zonal Offices/ Regional Offices/Branches for compliance.

RECOVERY MEASURES

Accounts referred to BIFR/AAIFR

Presently we have 54 accounts outstanding as on December 31, 2015 which have been referred to the Board of Industrial and Financial Reconstruction (or are in appeal with AAIFR). The total outstanding amount is ₹2,708.24 crore

Accounts referred to CDR Mechanism

Presently 80 accounts have been referred to CDR as of December 31, 2015. The cumulative amounts under these loan accounts is ₹10,862.86 crore.

INFORMATION TECHNOLOGY

Core Banking Solution

The Bank has implemented the Core Banking Solution developed in-house, christened ‘CROWN’ (Centralized Resources Over Wide-area Network) with ISO: 9001:2008 certifications. As per the directives of the Ministry, the Bank has moved to the COTS CBS model which is widely used by all other PSBs in India. All the branches of the Bank are enabled for NEFT and RTGS.

ALTERNATE DELIVERY CHANNELS

Internet Banking: The Bank has home-grown Internet Banking suite, which has contemporary offerings like Multiple scheduling of payments to SB/CDCC/RD/ loan accounts and online opening / closure / renewal of Deposits Including Senior Citizen, payment to PPF, RTGS/NEFT have been enabled through Internet Banking. E-payment of major state VAT has been made online. The Bank is the only Nationalized Bank to collect Chennai Corporation tax across counters.

Payment Gateway: Payment Gateway for payment of utility bills like mobile payment, insurance premium, other Banks’ credit cards, telephone bill payments etc., using debit cards has been implemented. Many institutes have been brought under payment gateway has been brought under payment gateway with IOB debit and credit cards and other Bank VISA cards for E- payment.

Mobile Banking: New Mobile Banking Solution has been enabled catering to various services. Mobile Banking solution provides second factor authentication through OTP (One Time Pin) and transactions can be done through Smart phone application and USSD.

GENNEXT: Branches to cater to the needs of tech savvy younger generation of customers has been opened in Chennai, Bangalore and Manipal.

Aadhaar: The Bank is actively participating in the Aadhaar related initiates of the Government / NPCI. Linking of Aadhaar numbers to SB account numbers through

Branch channel as well as through Internet Banking is in operation. Aadhaar Payment Bridge Solution and National Automated Clearing House platforms are in operation. Along with NPCI, AEPS Bridge (Aadhaar Enabled Payment System) facility is enabled.

Public Fund Monitoring System (PFMS): PFMS is a project initiated by Department of Expenditure, Ministry of Finance, and Government of India, primarily to track the disbursement of funds to the ultimate beneficiaries. The Bank is one of the 5 Banks identified to process transactions of e-FMS (electronic Funds Management System) in the state of Tamil Nadu wherein NREGA scheme payments are released by Government of Tamil Nadu every week. Transactions are being processed on a day-to-day basis and credited to beneficiaries of both intra-bank and inter-bank.

MIS ADF: As per RBI direction, Central Data Repository has been established and RBI-ADF and Internal MIS (ADF - 203 returns and Internal MIS - 400 reports) generation is online, and fully automated.

Business Intelligence & Data Warehousing: The Bank has introduced Business Intelligence(BI) Suite, which gives interactive Dash Boards, alerts, analytics etc. The system is established to store huge amount of historical data as well as to connect to real time applications. Periodical Knowledge Transfer is done through training at Staff College and e-demo is also provided along with Business intelligence and Data relating to 12 years have been ware-housed.

Zero data Loss: The Bank is the pioneer in establishing 3 Data Centers which are setup to ensure Zero data loss among the Public Sector Banks. For other critical applications necessary Infrastructure is in place at DR. It has provided alternate connectivity to all Data Centers and also to the branches wherever feasible through alternate service providers. Connectivity for Ultra Small Branches s provided through a WAN based broadband 3G modem/ Data cards.

IT Organization Structure

Strategy Committee and Steering Committee for effective IT Governance:

For effective IT Governance, a Board level IT Strategy Committee and a Top Management level IT Steering Committee have been formed in addition to the existing IT security Committee. Policies like Information Security Policy, IT Outsourcing Policy, IT Purchase Policy, BCP/DR Policy and Manual have been put in place. The, Information System Security Policy conforms to ISO Standards.

Transaction Banking

- **ATM / Cash Dispensers (CDs):** The total number of ATMs/CDs of the Bank stood at 3,780 as on December 31, 2015. There are 2,703 onsite and 1,077 offsite ATMS. During the year under review, the Bank has installed 1,038 ATMs /CDs. The Bank's 819 ATMs are spread across Metro Centers, 925 in Urban Centers, 1053 in Semi Urban Centers and 983 in Rural Centers.

- **Debit Cards:** The Bank has a card base of 1.16 crore as on December 31, 2015 with 39.11 lacs new debit cards issued during the year under review. The Bank has issued more than 40 lac RuPay Debit Cards under PMJDY Scheme. The Bank has also launched a Platinum RuPay

- Debit Card with added benefits to customers. EMV chip Debit Cards which has additional security features has also been introduced. Bank issues Special Cards (Connect Cards) to Gen Next customers, RuPay Debit cards, Classic/Gold/Platinum/Signature Debit cards under VISA, Master Debit Cards, Kissan Debit Cards for Agriculture Borrowers and SME Debit Cards for Small Industrial Customers and RuPay Platinum Cards.

- **Credit Cards:** The Bank has 52, 486 credit cards as on December 31, 2015 with 1,983 cards issued during the year 2015 till December 31, 2015. Bank issues Classic and Gold Credit Cards with varying credit limits.

- **Payment Gateway Operations:** The Bank has 11 aggregators who have nearly 12,000 sub-merchants under their banner including public sector organizations like BSNL, LIC of India etc. The Bank has direct clients like TNEB, AMET University, ITDC, IOACON, Loyola College, Ethiraj College, Madras Christian College and Dr MGR University and Anna University.

RTGS/NEFT/Internet Banking/Mobile Banking:

Our Bank can take large volume of NEFT volume and transactions. The internet banking registrations have shown a growth during 2014-15. The Bank introduced customer friendly approaches like generation of passwords by customers themselves, increasing the daily funds transfer limit to a max of ₹2.00 lacs were introduced. The Bank has enabled online fee collection facility in internet banking for 8 institutions. The Bank has introduced OTP as additional factor of authentication for amounts of ₹50,000 and above and for E-Commerce transactions through internet banking.

Net Banking Customers can initiate Intra Bank Funds Transfer and Inter Bank transfers through NEFT and RTGS transactions, payment of Income Tax, Excise Duty, Service Tax, Customs Duty, Port Trust Payment, State Governments VAT payments, Maharashtra GRAS, Maharashtra Sales Tax, West Bengal GRIPS and Tamil Nadu Transport Department Charges through online. Bank offers facility to open /close/renew Term Deposits online.

New Mobile banking software implemented during the year and after implementation of new software, the number of Mobile Banking customers increased many fold and presently 105008 customers registered for mobile banking and 11.53 lakhs mobile banking transactions transacted by the customer during the period.

Bank offers options to pay their Utility and Bills payments seed AADHAAR Number with Bank accounts and attach PAN number. E-token/Digital signature facility is available to Corporate & Individual Net Banking customers for enhanced security. The Bank has proposed to introduce Mobile App based OTP generation which is more secured and cost saving. As at the end of December 2015, electronic transactions stood at 70.2% of the total transactions of the Bank.

Cheque Truncation System (CTS):

CTS has been implemented in 1,875 branches in 52 regions across the country till December 2015. The Bank plans to complete the implementation in all the regions during this FY 2015-16 in all Centers as and when clearing houses takes decision to migrate to CTS.

Branches, Regional Offices are periodically sensitized to effectively market e-products and to reduce paper based transactions. Training is imparted through Staff Training Centers.

Customers are requesting DDs and who issue cheques are being advised to make use of RTGS/NEFT/Internet Banking facility.

The Bank issues Debit Cards to all active SB accounts. Staff members have been advised to use only e-channels. Business Intelligence analytics have been developed and deployed to monitor and analyse the performance of branches in multiple alternate delivery channels. With a view to improve the e-payment transactions, NEFT remittances up to ₹1 Lakh are allowed free of charges.

Human Resources Development Training

As a customer centric Bank, training has been imparted on contemporary issues of banking apart from basic areas of banking through internal and external modes. The focus is continued to be on Credit Appraisal/ Credit Monitoring, Non-Performance Asset Management and Recovery in addition to Risk Management and Computer awareness. Besides, regular training on Banking topics have been imparted to officers and clerks in the field of Foreign Exchange, Priority Credit, Know Your Customer/Anti Money Laundering, Banking Codes, Small & Medium Enterprises/Micro Finance & Rural Credit, IT Products & Preventive Vigilance. Further, programmes on Personnel Effectiveness and Team Building have conducted for all staff members at Staff College and various Staff Training Centers. Training Programmes on Leadership Development and Customer Relationship Management have been conducted during the year. Faculty Development programme was conducted for all faculty members of the Bank with special emphasis on “E Learning”. Induction programme for newly recruited probationary officers, specialist officers have been conducted apart from Orientation programme & pre confirmation programme for Probationary Officers. Bank has engaged the services of retired executives on contract basis to derive the benefit of their experience, knowledge and expertise in various facets of banking. Executives/Officers have been nominated for overseas training to acquire international perspective on banking & technology and share their expertise and experience with other participants. The internal training system comprises of Staff College, Staff Training Centers and Rural Banking Training Centre.

Recruitment & Staff Strength

During the fiscal year till December 2015, Bank has recruited 196 Special Officers (35 IT Officers & 106 Rural Development Officers, 5 HR Officers, 30 Marketing Officers 12 Official language Officers & 8 law officers) 1,037 Probationary Officers and 1,309 clerks and 5 subordinate staff have joined the services of the Bank. During the year 2014-15, Bank has recruited 173 Specialist Officers (99 IT Officers & 65 Rural Development Officers and 9 Security Officers). 2,370 Probationary Officers and 1,716 Clerks and 25 Subordinate staff have joined the services of the Bank. The Bank has initiated a novel recruitment methodology through tie-up with Manipal Global Education Services Pvt Ltd., Bangalore. The Bank’s staff strength has stood at 32,398 comprising 16244 Officers, 12606 Clerks, 978 sweepers and 2570 Sub-staff as of December 31, 2015.

Industrial Relations

In order to monitor and maintain good industrial relations climate in all offices/Branches of the Bank, circulars/ guidelines are issued from time to time regarding enforcement of discipline, policies to be followed in recruitment, promotion and redressal of grievance between Management and Union/Officers’ Association as well as among employees etc., which has led to reduction of cases/ disputes under Industrial Relations. Online submission of return of movable, immovable and valuable properties by officer employees as on March 31, 2014 has reached a record of 99% submission. With regard to complaints/ matters pertaining to frauds in connection with IR matters committed by staff members, disciplinary action, wherever necessary, had been initiated against erring members to maintain disciplined harmonious industrial relations in the Bank. The guidelines issued by the Ministry of Finance and Indian Banks Association with regard to staff matters are implemented expeditiously by issuing circulars for the benefit of employees. The Industrial relations environment for the Bank remained cordial and conducive for achieving organization's objectives.

Intellectual Property

We have not applied for the registration of our corporate logo and other trademarks, including words and logos in connection with our branding. Consequently, they do not enjoy the statutory protection accorded to a registered trademark.

Competition in the Indian banking industry

The Bank faces competition from Indian and foreign commercial banks in all its products and services. The Bank also faces competition from Indian and foreign commercial banks and non-bank finance companies in its retail products and services. In addition, since the Bank raises funds from market sources and individual depositors, it will face increasing competition for such funds. Additionally, the Indian financial sector may experience further consolidation, resulting in fewer banks and financial institutions. In addition, private sector financial services companies, non-bank finance companies and their affiliates are now entitled to commence banking operations which will further increase competition. On February 22, 2013, RBI released its guidelines on "Entry of New Banks in the Private Sector" which, inter alia, provides that entities / groups in the private sector, entities in public sector and Non-Banking Financial Companies (NBFCs) shall be eligible to set up a bank through a wholly-owned Non-Operative Financial Holding Company (NOFHC).

Branch network of the bank

As on December 31, 2015, the Bank has 3,403 domestic branches, comprising of 1033 rural branches (30.36%), 956 Semi Urban branches (28.09%), 751 Urban branches (22.07%) and 663 Metropolitan branches (19.48%). Out of these, 152are self-owned by the bank and8 are leased premises. Also, our bank owns 835 flats for residential purposes.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

As per Banking Companies (Acquisition and Transfer of Undertaking Act), 1970 there should not be more than 4 Whole Time Directors, one director who is officer of central government nominated by Central Government, one director recommended by RBI, one Director from the employees of bank who is a workman, one director from employees of the Bank who is not a workman, one Director who has been a chartered accountant nominated by Government of India, not more than 6 directors nominated by Central Government and shareholder director as per prescribed numbers on the Board of a Bank.

Presently, we have 11 Directors on or Board on date of this Placement Document

1. Three Whole Time Directors;
2. One Government of India Nominated Director;
3. One RBI nominee;
4. One Workmen Employee Director
6. Three part-time Non-Official Directors
7. Two Shareholder Directors

The following table sets forth details regarding the Board of Directors as of the date of this Placement Document:

S. No.	Name, Designation, Occupation	
1.	**Shri R Koteeswaran** **Designation**: Managing Director & Chief Executive Officer **Address:** 763, Anna Salai Chennai -600002 **Occupation**: Service **Nationality:** Indian	**Shri R. Koteeswaran,** aged59 years took over as Managing Director & Chief Executive Officer of Indian Overseas Bank on December 31, 2014. He holds a degree of B.Com, CAIIB.
2.	**Shri Atul Agarwal** **Designation:** Executive Director **Address:** 118, Chidambaram Gardens, Sterling Road, Nungambakkam, Chennai- 600 034 **Occupation**: Service **Nationality**: Indian	**Shri Atul Agarwal,** aged 59 years, has taken charge as Executive Director of Indian Overseas Bank on September 27, 2013. He holds a degree of B.Com and CAIIB.
3.	**Shri Pawan Kumar Bajaj** **Designation:** Executive Director **Address:** 117, Chidambaram Gardens, Sterling Road, Nungambakkam, Chennai- 600 034 **Occupation:** Service **Nationality:** Indian	**Shri Pawan Kumar Bajaj,** aged 57 years has taken charge as Executive Director of Indian Overseas Bank on March 10, 2015. He is a Post Graduate in Science, LLB, CAIIB and holds many diplomas in HR, Treasury, Foreign Exchange and International Banking.
4.	**Dr. Alok Pande** **Designation:** Govt. Nominee Director **Address:** Flat No. D-II/M 2766, Netaji Nagar, New Delhi -110023 **Occupation:** Service **Nationality:** Indian	**Dr. Alok Pande,** aged 44 years, is working as a Director in the Department of Financial Services, Ministry of Finance. He holds degree of B.E. (Mech), NIT Allahabad, Ph. D (Finance), IIM Bangalore. Presently he is incharge of financial inclusion.
5.	**Shri Nirmal Chand** **Designation:** RBI Nominee Director **Address:** Regional Director, RBI, Bakery Junction, Trivandrum-695 003 **Occupation:** Service	**Shri Nirmal Chand,** aged 55 years, joined RBI in 1986 as an Officer in Grade B. He is a Post Graduate from Punjab University, M.B.A., CAIIB and has taken charge as the Regional Director, Reserve Bank of India, Chandigarh in March 2016. Prior to this, he was Regional Director, Reserve Bank of India, Thiruvananthapuram.

S. No.	Name, Designation, Occupation	
	Nationality: Indian	
6.	**Shri R Sampath Kumar** **Designation:** Workmen Employee Director **Address:** Door no. 2, Flat No.1, 34th Street, 4th Avenue, Ashok Nagar, Chennai – 600 083 **Occupation:** Service **Nationality:** Indian	**Shri R. Sampath Kumar**, aged 58 years joined the Bank on December 16, 1981 and is having about 34 years of banking experience in IOB. He is B.A. CAIIB I. He is presently a Special Cadre Assistant attached to CBO, Chennai
7.	**Shri Chinnaiah** **Designation**: Part-time Non-Official Director **Address**: No.10/1, 'G', 7th Street, Jogupalya, Halasuru, Bangalore – 560008 **Occupation:** Service **Nationality:** Indian	**Shri Chinnaiah**, aged 57 years is an advocate by qualification, he has chosen to be associated with social service.
8.	**Smt. S Sujatha** **Designation**: Part-time Non-Official Director **Address**: 4 Tamarai Salai (east), Annamalai Nagar, Trichy – 620018 **Occupation:** Service **Nationality:** Indian	**Smt. S. Sujatha**, aged 44 years, was elected as Trichy City Corporation Councilor in 2006 and served as Mayor, Tiruchirappalli Corporation from 2009 to 2011. Her qualification is M.Com, BA (Hindi).
9.	**Shri A.B.D. Badushas** **Designation**: Part-time Non-Official Director **Address:** No. M93, 9th Floor, Narayana Arihant Ocean Tower, 77 Walajah Road, Chennai – 600002. **Occupation:** Service **Nationality:** Indian	**Shri A.B.D. Badushas,** aged 53 years, is a Doctor (Alternative Medicine) by profession and has been involved in multifarious activities as a social reformer, sportsman and businessman.
10.	**Shri Niranjan Kumar Agarwal** **Designation:** Shareholder Director **Address:** P-337, Block A, Lake Town, Kolkata – 700 089. **Occupation:** Practicing Chartered Accountant **Nationality**: Indian	**Shri Niranjan Kumar Agarwal,** *aged 57 years,* is a Practicing Chartered Accountant since 1983. He is the Proprietor of M/s.Niranjan Kumar & Co., Chartered Accountants, Kolkata. He has 32 years of experience in handling Audits of Large Corporates, Company Law Matters and Income Tax.
11.	**Shri Sanjay Rungta** **Designation**: Shareholder Director **Address:** 1204 Raheja TIPCO Heights Tower – 2, Rani Sati Marg, Malad (East), Mumbai 400097 **Occupation:** Practicing Chartered Accountant **Nationality:** Indian	**Shri Sanjay Rungta, aged 50 years**, has done B.Com from Rajasthan University and is a practicing Chartered Accountant with more than 26 years of experience and senior partner of S. P. Rungta & Associates which handles consultancy and audit of large corporate branches.

Shareholding of the Directors

The following table sets forth the shareholding of the Directors in the Bank as of Date:

Sl. No.	Name	Number of Equity Shares	Percent of Total Number of Equity Shares
2.	Shri Niranjan Kumar Agrawal	200	0.00001%
3.	Shri Sanjay Rungta	600	0.00003%

Compensation of the directors

Executive Directors

The following tables set forth the details of remuneration paid by the Bank to the present executive directors of the Bank for the Fiscal Year 2016, 2015 and 2014:

Name of Director	Designation	Period	Salary (₹)	Other Benefits(₹)	Total (₹)
Shri Atul Agarwal	Executive Director	FY 2013-14 FY 2014-15 FY 2015-16	7,57,467 16,56,774 17,99,063	2,10,356 2,64,639 82,149	9,37,404 19,21,413 18,81,212
Shri Pavan Kumar Bajaj	Executive Director	FY 2013-14 FY 2014-15 FY 2015-16	Nil 95,487 17,37,702	Nil 4,613 79,755	Nil 1,00,100 18,17,457

Fiscal Year 2015 and 2016:

The salary structure for the Managing Director & Chief Executive Officer and whole time directors is fixed by Central Government. Compensation received by our whole time directors in Fiscal 2016 has been set forth below:

Name of Director	Designation	Period	Salary (₹)	Other Benefits (₹)	Total (₹)
Shri R. Koteeswaran	Managing Director & Chief Executive Officer	FY 2014-15 FY 2015-16	4,68,855 20,33,824	22,650 92,886	4,91,505 21,26,710

With respect to compensation for members of the Board, sitting fees are paid as decided by the Government. As of March 31, 2016, fees payable for Board meetings are ₹20,000/-per meeting and for other Board-level Committees fees are ₹10,000/- per meeting (w.e.f. 20.07.2015). Prior to 20.07.2015, the fees payable for Board meetings were ₹10,000 and for other committees ₹5000. Sitting fees paid to other directors in Fiscal 2016 have been set forth below.

Sr. No.	Names of Directors	Annual Sitting Fees
1	Dr. Jai Deo Sharma	4,40,000
2	Shri A.B.D. Badushas	4,15,000
3	Shri Chinnaiah	3,15,000
4	Shri Niranjan Kumar Agarwal	4,90,000
5	Shri R. Sampath Kumar	4,05,000
6	Shri Sanjay Rungta	6,15,000
7	Smt S Sujatha	3,00,000

With respect to compensation for members of the Board, sitting fees are paid as decided by the government. As of March 31, 2015, fees payable for Board meetings are ₹10,000/-per meeting and for other Board-level Committees fees are ₹5,000/- per meeting. Sitting fees paid to other directors in Fiscal 2015 have been set forth below.

Sr. No.	Names of Directors	Annual Sitting Fees (₹)
1	Dr. Jai Deo Sharma	2,50,000
2	Shri A.B.D. Badushas	1,90,000
3	Shri Chinnaiah	1,90,000
4	Shri Niranjan Kumar Agarwal	2,80,000
5	Shri R. Sampath Kumar	2,30,000
6	Shri Sanjay Rungta	1,30,000

Sr. No.	Names of Directors	Annual Sitting Fees (₹)
7	Smt S Sujatha	2,05,000
8	Shri A.V. Sardesai	2,95,000
9	Shri S. Sadagopan	1,75,000

Fiscal Year 2014:

The salary structure for the Chairman and Managing Directors and whole time directors is fixed by Central Government. Compensation received by our whole time directors in Fiscal 2014 has been set forth below:

Name of Director	Designation	Salary & other benefits (₹)
Shri M. Narendra	Chairman & Managing Director	27,28,800
Shri A.K. Bansal	Executive Director (retired on 31.05.2013)	7,08,103
Shri A.D.M. Chavali	Executive Director	22,26,787
Shri Atul Agarwal	Executive Director	9,37,404

With respect to compensation for members of the Board, sitting fees are paid as decided by the government. As of March 31, 2014, fees payable for Board meetings are ₹10,000/-per meeting and for other Board-level Committees fees are₹5,000/- per meeting. Sitting fees paid to other directors in Fiscal 2014 have been set forth below.

Sr. No.	Names of Directors	Annual Sitting Fees
1	Dr. Jai Deo Sharma	2,25,000
2	Shri A.B.D. Badushas	90,000
3	Shri Chinnaiah	1,10,000
4	Shri Niranjan Kumar Agarwal	3,60,000
5	Shri R. Sampath Kumar	40,000
6	Smt S Sujatha	95,000
7	Shri A.V. Sardesai	4,75,000
8	Shri S. Sadagopan	2,40,000
9	Shri S.L. Lakhotia	85,000

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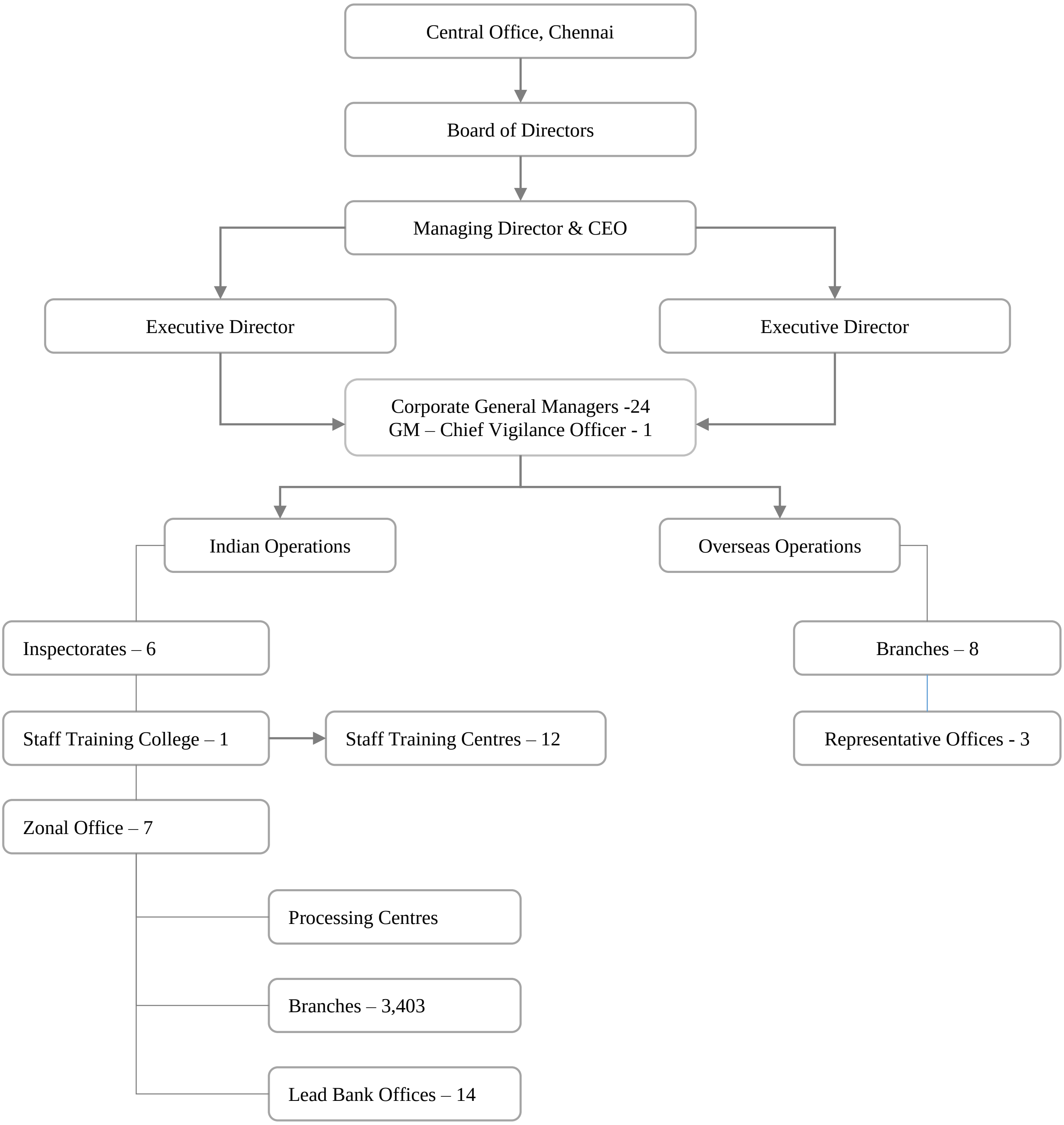
Our Corporate Structure



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Senior Management

The following table sets forth details regarding our senior management (General Managers) as on May 12016:

S. No.	Name	Age	Educational Qualification	Present Portfolio	Experience in our Bank
1	Indira Padmini	59	M.A,CAIIB	HRD, PAD, IRD, Security Dept & Training System	35
2	Jain Yogaish Chand	58	B.Sc, CAIIB, D-Mgmt, C.Q.A.	Balance Sheet Mgmt, Merchant Banking Dept &IRC	35
3	Niraj Kumar Saxena	59	M.Sc	Mid Corporate	40
4	Gulab Singh Rana	58	B.Sc, CAIIB-I	Credit Monitoring	38
5	Balachander S.	59	M.A, CAIIB, D-Mgmt	Law, IARD & NPA Recovery (Mumbai, Delhi & Coimbatore) Zones	38
6	Xavier Thilagaraj M.	58	B.Sc, CAIIB	SME & MSME	39
7	Radha Venkatakrishnan	56	B.COM, CAIIB, A.C.A.	Large Corporate & CDR	32
8	Ramakrishna Shetty H	56	M.COM, M.B.A, B.COM,CAIIB	Inspection Dept & Audit	10
9	Swaminathan K	53	B.COM, CAIIB, C.F.A., ICWA(Final)	ZO-Mumbai	30
10	Parthasarathy K	57	B.Sc, CAIIB, PGD-Mgmt	Treasury & International Depts	36
11	Krishan Lal	59	B.A.(Hons),LLB,CAIIB	ZO – Hyderabad	35
12	Ajay Kumar	57	MBA, B. Sc.CAIIB certificate in Trade Finance,	Singapore Branch	32
13	Balkishan	59	B.A,CAIIB-I	Operations Dept, Official Language Dept, Inter Branch Reconcilation Dept	34
14	Raghu Vatsa Chari S	57	M.Sc.(Hons),CAIIB-I	ZO-Delhi	34
15	Paramasivam M	59	B.COM,CAIIB	ZO-Coimbatore	38
16	Hariram K R	58	M.A,B.Sc,CAIIB	Risk Mgmt Dept & RBS Cell	30
17	Jandhyala Suryanarayana	57	M.Sc(Ag),CAIIB	ZO-Kolkata	31
18	Harvinder Kumar Jatana	58	M.COM, M.B.A,CAIIB,A.C.S.	Information Technology Dept, Transaction Banking Dept & General Administration Dept	34
19	Manoj Mohan Sarangi	55	M.A, CAIIB	Agriculture & Rural Initiatives & SLBC Convener	32
20	Pathmaragam A V	57	B.Sc, B.E(Agri)	NPA Recovery (Hyderabad & Kolkata Zones) Camp Office Kolkata	30
21	C. Haridas	57	B.Com, LLB,CAIIB	Zonal Manager, Chennai	34
22	Pathmaragam A V	57	B.Sc, B.E(Agri)	NPA Recovery (Hyderabad & Kolkata Zones)	32

All the members of Senior management are permanent employees of the Bank.

Shareholding of Senior Management other than directors (as on December 31, 2015)

The following table sets forth the shareholding of our senior management other than directors on date of this document:

Name	Number of Equity Shares	Percent of Total Number of Outstanding Equity Shares
Smt. Indira Padmini	1400	0.0008%
Shri Y.C. Jain	nil	-
Shri Niraj Kumar Saxena	nil	-
Shri G.S. Rana	nil	-
Shri S. Balachander	1000	0.00006%
Shri M. Xavier Thilagaraj	1200	0.00007%
Smt. Radha Venkatakrishnan	Nil	-
Shri R. K. Shetty	Nil	-
Shri K. Parthasarathy	1900	0.00011%
Shri T. Balkishan	2200	0.00012%
Shri K.R. Hariram	800	0.00004%
Shri H.K. Jatana	800	0.00004%
Shri M.M. Sarangi	Nil	-
Shri A.V. Padmaragam	Nil	-
Shri Krishan Lal	0	0.000006%
Shri M. Paramasivam	600	0.00003%

Name	Number of Equity Shares	Percent of Total Number of Outstanding Equity Shares
ShriJandhyala Suryanarayana		
Shri K. Swaminathan	1300	0.00007%
Shri S. Raghu Vatsa Chari	Nil	-
Shri Ajay Kumar Raizada	nil	-
Shri C. Haridas	25	0.000001%

Interest of Senior Management other than directors

Senior Managers other than directors may be said to be interested to the extent of remuneration and other benefits received by them.

Corporate Governance

The Board meets regularly in accordance with the requirements of the Bank, with a minimum of six meetings per year. The Board meetings were held 14 times during the Fiscal Year 2016. The Board has established the following committees of Directors (a) to ensure compliance with the Act and corporate governance requirements and (b) for operational reasons to facilitate the decision making process.

(1) Management Committee of the Board;
(2) Audit Committee of the Board;
(3) Risk Management Committee of the Board;
(4) Customer Service Committee of the Board;
(5) Information Technology Strategy Committee of the Board;
(6) Remuneration Committee of the Board;
(7) Special Committee of Directors for Monitoring Large Value Frauds;
(8) Committee for Review of Disciplinary Cases & departmental enquiries;
(9) Nomination Committee;
(10) Board Level Steering Committee on Human Resources;
(11) Board Level Committee to Monitor Recovery in NPA;
(12) Stakeholders Relationship Committee of the Board;
(13) Share Transfer Committee
(14) Grievance Redressal Committee of the Board
(15) Credit Approval Committee

Management Committee of the Board

Management Committee of the Board is constituted as per the provisions of the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970. The functions and duties of the MCB are as under

a. Sanctioning of credit proposals (funded and non-funded) as per quantum fixed by the Board.
b. Loan and Interest Compromise / Write off proposals – as per quantum fixed by the Board.
c. Proposals for approval of capital and revenue expenditure.
d. Proposals relating to acquisition and hiring of premises, including deviation from norms for acquisition and hiring of premises.
e. Filing of suits / appeals, defending them etc.
f. Investments in Government and other approved securities, shares and debentures of companies, including underwriting.
g. Donations.
h. Any other matter referred to the Management Committee by the Board.

Items (a) to (g) will be in respect of proposals beyond the discretionary powers of MD & CEO/ powers of Credit Approval Committee, as may be applicable. Presently, the Chairman of the Committee is the MD & CEO of the Bank.

Sr. No.	Name	Designation
1.	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2.	Shri Atul Agarwal	Executive Director
3.	Shri Pawan Kumar Bajaj	Executive Director

Sr. No.	Name	Designation
4.	Shri. Nirmal Chand	RBI Nominee Director
6.	Smt. S Sujatha	Part-time Non-Official Director (From December 5, 2015 to June 4, 2016)
7.	Shri Sanjay Rungta	Shareholder Director (From February 9, 2016 to August 8, 2016)

Audit Committee of the Board

The Audit Committee of the Board has been constituted by the Board of Directors as per instructions of the Reserve Bank of India/GOI and consists of five members comprising of ED (in charge of Inspection & Audit), Government director, RBI director, two non-official directors. The delegated functions and duties of the ACB are as under:

- To provide direction as also oversee the operation of the total audit function in the Bank. Total audit function will imply the organization, operationalization and quality control of the internal audit and inspection within the Bank and follow up on the statutory/ external audit of the Bank and inspections of RBI.

- To review the internal inspection / audit function in the Bank -the system, its quality and effectiveness in terms of follow-up and also the inspection reports of specialized and extra-large branches and all branches with unsatisfactory ratings.

- To obtain and review half - yearly reports from the Compliance Officers of the functional areas

- To review and follow up on the report of the statutory audits, and all the issues raised in the Long Form Audit Report (LFAR) and interact with the external auditors before the finalization of the annual / quarterly financial statements and reports.

- To review and follow up all the issues / concerns raised in the Inspection reports of RBI.

This committee specially focuses on the follow-up of:

- Inter - Branch Adjustment Accounts
- Unreconciled long outstanding entries in Inter - Bank Accounts and Nostro Accounts
- Arrears in balancing of books at various branches
- Frauds and all other major areas of house – keeping.

The following additional role functions/powers have been entrusted to ACB in terms of SEBI Committee on Corporate Governance guidelines issued by RBI to Indian Commercial Banks listed on stock exchanges:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall also include the following in addition to the existing role function:

- Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with the Management the financial statements with special emphasis on accounting policies and practices, compliance of accounting standards and other legal requirements concerning the financial statements.
- Reviewing with the Management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussing with external auditors before the commencement of audit the nature and scope of audit as well as having post audit discussion to ascertain any area of concern.
- Reviewing the company's Financial and Risk Management Policies.

In line with the suggestions of the Ministry of Finance, Government of India, the scope of the Audit Committee of the Board was broadened to include the following reviews of accounts at specific exposure levels as approved by the Audit Committee of the Board

A. Potential NPA / stress cases as and when required.
B. High value loans which have been granted against a security which is not free from encumbrances
C. Cases of One-time settlement involving high value loans.
D. High value accounts - to evaluate / re-evaluate the value and quality of security / collateral (both tangible and especially intangible) provided against the account.

Sr.No.	Name	Designation
1.	Shri Niranjan Kumar Agarwal (Chairman of the Committee)	Part time Non official Director (August 8, 2014 to December 7, 2016)
2.	Shri Atul Agarwal	Executive Director
3.	Dr. Alok Pande	Govt. Nominee Director
4.	Shri Nirmal Chand	RBI Nominee Director
5.	Shri Sanjay Rungta	Part-time Non-Official Director (August 8, 2014 to December 7, 2016)
6.	Shri Pawan Kumar Bajaj	Executive Director-Invitee

Credit Approval Committee

The Credit Approval Committee of the Board has been constituted on 25.02.2012 by the Board of Directors in terms of the amendment of the Nationalized Banks (Management and Miscellaneous Provisions) Scheme 1970 vide Notification No. S.0.2736(E) dated December 5, 2011. The Committee is empowered with specific financial powers for sanctioning of credit proposals and for settlement for Loan compromise / write off.

The Chairman of the Committee is the MD & CEO of the Bank. The Committee met21 times during the period 01.04.2015 to 31.03.2016. Number of Meetings attended by each Committee Member during the period:

Name of Member	Designation
Shri R. Koteeswaran, MD & CEO	Chairman of the Committee
Shri. Atul Agarwal	Member
Shri Pawan Kumar Bajaj	Member
G.M Large Corporate Dept	Member
G M Mid Corporate Dept	Member
G M MSME Dept	Member
G M Balance Sheet Management Dept (CFO)	Member
G M Risk Management Dept	Member

Risk Management Committee of the Board

The MD & CEO presides over the meeting of the committee.

Sr. No.	Name	Designation
1.	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2.	Shri Atul Agarwal	Executive Director
3.	Shri Pawan Kumar Bajaj	Executive Director
4.	Shri.NK Agarwal	Part-time Non official Director
5.	Shri Sanjay Rungta	Part-time Non Official Director

Customer Service Committee of the Board

The MD & CEO presides over the meetings of the Committee.

Sr. No.	Name	Designation
1	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2	Shri Atul Agarwal	Executive Director (in the absence of MD & CEO) - Invitee
3	Shri Pawan Kumar Bajaj	Executive Director (in the absence of Senior ED/MD & CEO) - Invitee
4	Dr. Alok Pande	Govt. Nominee Director
5	Shri. Chinnaiah	Part-time Non-Official Director

Sr. No.	Name	Designation
7	Shri R. Sampath Kumar	Workman Employee Director

Information Technology Strategy Committee of the Board

Sr. No.	Name	Designation
1	Shri Sanjay Rungta (Chairman of the Committee)	Shareholder Director
2	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
3	Shri Atul Agarwal	Executive Director
4	Shri Pawan Kumar Bajaj	Executive Director
5	Dr. Alok Pande	Govt. Nominee Director

Remuneration Committee of the Board

Remuneration (excluding performance linked incentive) payable to the whole time directors is decided by the Central Government. The Bank does not pay any remuneration to other directors except sitting fees as per directives of Central Government. A Remuneration Committee, a Sub-Committee of the Board of Directors, has been constituted for evaluating the performance in terms of government guidelines and to recommend payment of performance-linked incentives to the whole time directors of the Bank, in terms of Government of India, Ministry of Finance (Banking Division) letter F. No. 12/1/2013 – BOA dated November 28, 2013.

The Committee will be constituted at the appropriate time.

Committee for Monitoring Large Value Frauds:

The MD & CEO presides over the meetings of the Committee.

Sr. No.	Name	Designation
1.	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2.	Shri Atul Agarwal	Executive Director (Member of the Board)
3.	Dr. Alok Pande	Govt. Nominee Director (Member of ACB)
4.	Shri Niranjan Kumar Agarwal	(Member of ACB)
5.	Shri A.B.D. Badushas	(Member of Board)
6.	Shri Pawan Kumar Bajaj	Executive Director(Invitee) In the absence / inability of Senior ED to attend the meeting

Committee for Review of Disciplinary Cases & Departmental Enquires:

The MD & CEO presides over the meetings of the Committee.

Sr. No.	Name	Designation
1	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2	Shri Atul Agarwal	Executive Director
3	Shri Pawan Kumar Bajaj	Executive Director
4	Dr.Alok Pande	Govt. Nominee Director
5	Shri.Nirmal Chand	RBI Nominee Director

Nomination Committee

RBI, vide circular ref: DBOD. No. BC No.47/29.39.001 / 2007-08 dated November 1, 2007, pursuant to the amendment in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 effective October 16, 2006, has issued necessary guidelines for determining the authority, manner/procedure and criteria for deciding the ‘Fit and Proper’ status etc., while appointing the Directors.

RBI has directed that the "Fit and Proper" criteria, as of now, be made applicable to the elected directors (Shareholder directors) - both present and future.

The Committee was constituted on April 28, 2014.

Sr. No.	Name	Designation
1	Dr.Alok Pande	Govt. Nominee Director
2	Shri Chinnaiah (from November 1, 2014)	Part-time Non-Official Director
3	Smt. S Sujatha	Part-time Non-Official Director

Board Level Steering Committee on Human Resources

The MD & CEO presides over the meetings of the Committee.

Sr. No.	Name	Designation
1.	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2.	Shri Atul Agarwal	Executive Director
3.	Shri Pawan Kumar Bajaj	Executive Director
4.	Dr. Alok Pande	Govt. Nominee Director
5.	Shri KR Ramamoorthy	(Retd) CMD of Corporation Bank ****
6.	Shri TT Ram Mohan	Professor IIM Ahmedabad ****

**** HR Experts

Board Level Committee to Monitor Recovery in NPA

The MD & CEO presides over the meetings of the Committee.

Sr. No.	Name	Designation
1	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2	Shri Atul Agarwal	Executive Director
3	Shri Pawan Kumar Bajaj	Executive Director
4	Dr.Alok Pande	Govt. Nominee Director
5	Smt Indira Padmini	Senior most General Manager of the Bank
6	Shri G.S. Rana	General Manager (Credit Monitoring)
7	Shri S.Balachander	General Manager (Recovery)

Grievance Redressal Committee of the Board

The Grievances Redressal Committee (on classification as wilful defaulters) has been constituted with the approval of Board on 05.02.2015 in accordance with Reserve Bank of India Notification RBI/2014-15/73 DBR.No.CID.BC.03/20.16.003/2014-15 dated 01.07.2014 and was reconstituted with the approval of the Board on 28.02.2015 vide RBI/2014-15/73 DBR.No.CID.BC.57/20.16.003/2014-15 dated 07.01.2015 with the following members:

Sr. No.	Name	Designation
1	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2	Shri Niranjan Kumar Agarwal	Share Holder Director
3	Shri Sanjay Rungta	Share Holder Director

Stakeholder Relationship Committee

(a) Stakeholder Relationship Committee:

Sr. No.	Name	Designation
1.	Shri Sanjay Rungta (Chairman of the Committee)	Shareholder Director

Sr. No.	Name	Designation
2.	Shri Atul Agarwal	Executive Director (in the absence of MD&CEO)
3.	Shri Pawan Kumar Bajaj	Executive Director (in the absence of MD & CEO/Senior ED)
4.	Shri Niranjan Kumar Agarwal	Share Holder Director

The Stakeholder Relationship Committee engaged a Practicing Company Secretary, Shri. V. Suresh, to undertake the Secretarial Audit in the office of the Registrar, at periodical intervals to verify the methodology followed by them involving Shareholders Grievances & Redressal system etc. The committee considers his quarterly reports at every meeting.

(b) Share Transfer Committee:

Share Transfer Committee consists of the Managing Director & Chief Executive Officer or in his absence the Executive Director, one shareholder Director and one Director nominated by the Board. The committee deals with all matters connected with share transfers, transmission, issue of duplicate share certificates, transposition, demat/remat etc.

Sr. No.	Name	Designation
1	Shri R. Koteeswaran	Managing Director & Chief Executive Officer
2	Shri Atul Agarwal	Executive Director (in the absence of MD&CEO)
3	Shri Pawan Kumar Bajaj	Executive Director (in the absence of MD & CEO/Senior ED)
5	Shri Sanjay Rungta	Shareholder Director

(c) Shareholders Complaints:

Number of complaints received, resolved and pending during the year:

Sl. No.	Nature of Complaint	Pending as on March 31, 2015	Received during FY 2015-16	Resolved during FY 2015-16	Pending as on March 31, 2016
1	Non receipt of refund order and Share certificates	Nil	7	7	Nil
2	Non receipt of Dividend	Nil	265	265	Nil
3	Complaints to SEBI/Stock Exchanges and Consumer Redressal Forum/ Court	1	34	34	Nil
4	Miscellaneous (complaints reg. change of address, Bank mandate, demat requests etc.)	Nil	8	8	Nil

In terms of SEBI LODR Regulations we have advised the shareholders that an exclusive e-mail ID - **investorcomp@iobnet.co.in** has been allotted and Ms. Deepa Chellam, Company Secretary is the Compliance Officer for the purpose of registering and redressal of complaints by investors. We have displayed this email ID and other relevant details prominently on our website. The Investor Relations Cell headed by an Assistant General Manager who is also a qualified Company Secretary handles the redressal of investor complaints.

Other Committees

There are various other committees such as Asset Liability Management Committee, Investment Review Committee, CPC, ORMC and Top Management Committee comprising MD & CEO, ED and GMs along with Department executives, which have been constituted for the day to day functioning, review and monitoring of various aspects of business.

Other confirmations

None of the Directors, Promoter or key managerial personnel of the Bank have any financial or other material interest in the Issue.

Related Party Transactions

The Bank has entered into certain related party transactions as disclosed in the section "*Auditor Examination Report and Financial Statements – Related Party Disclosures*".

PRINCIPAL SHAREHOLDERS

Our Promoter is the President of India. Our Promoter currently holds 77.32% of the paid-up Equity Share capital of our Bank.

The following table sets forth the shareholding pattern of the Bank as on March 31, 2016:

Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	**Nos. of shareholders**	**No. of fully paid up equity shares held**	**Total nos. shares held**	**Shareholding as a % of total no. of shares (calculated** as per **SCRR, 1957) As a % of (A+B+C2)**	**Number of Locked in shares**		**Number of equity shares held in dematerialized form**
					No.(a)	**As a % of total Shares held(b)**	
A1) Indian							
Central Government/ State Government(s)	1	1,39,73,28,445	1,39,73,28,445	77.32	1,39,73,28,445	100	1,39,73,28,445
Government of India		1,39,73,28,445	1,39,73,28,445	77.32	1,39,73,28,445	100	1,39,73,28,445
Sub Total A1	1	1,39,73,28,445	1,39,73,28,445	77.32	1,39,73,28,445	100	1,39,73,28,445
A2) Foreign							
A=A1+A2	1	1,39,73,28,445	1,39,73,28,445	77.32	1,39,73,28,445	100	1,39,73,28,445

Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders	**No. of shareholder**	**No. of fully paid up equity shares held**	**Total no. shares held**	**Shareholding % calculated** as per **SCRR, 1957 As a % of (A+B+C2)**	**Number of Locked in shares**		**Number of equity shares held in dematerialized form**
					No(a)	**As a % of total Shares held(b)**	
B1) Institutions							
Mutual Funds/	3	1,42,825	1,42,825	0.01		-	1,42,825
Foreign Portfolio Investors	19	62,17,824	62,17,824	0.34		-	62,17,824
Financial Institutions/ Banks	13	26,34,71,284	26,34,71,284	14.58	8,62,99,771	32.75	26,34,71,284
LIC OF INDIA AND ITS VARIOUS SCHEMES	0	26,20,53,524	26,20,53,524	14.50	8,62,99,771	32.93	26,20,53,524
Insurance Companies	4	46,81,678	46,81,678	0.26		-	46,81,678
Any Other (specify) FIIs	22	99,06,533	99,06,533	0.55		-	99,06,533
Sub Total B1	61	28,44,20,144	28,44,20,144	15.74	8,62,99,771	30.34	28,44,20,144
B2) Central Government/ State Government(s)/ President of India	0	0		-		-	
B3) Non-Institutions	0	0		-		-	
Individual share capital upto ₹2 Lacs	2,45,543	8,99,61,862	8,99,61,862	4.98	-	-	6,22,38,133

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No(a)	As a % of total Shares held(b)	
Individual share capital in excess of ₹2 Lacs	166	1,43,43,388	1,43,43,388	0.79	-	-	1,42,00,388
Any Other (specify)	6,258	2,12,11,844	2,12,11,844	1.17	-	-	1,90,14,144
Trusts	16	4,33,726	4,33,726	0.02	-	-	4,33,726
Overseas corporate bodies	1	48,000	48,000	-	-	-	
Foreign Individuals or NRI	2,650	55,28,888	55,28,888	0.31	-	-	41,68,288
HUF	2,015	19,36,998	19,36,998	0.11	-	-	19,36,998
Clearing Members	183	7,09,730	7,09,730	0.04	-	-	7,09,730
Bodies Corporate	1,392	1,24,99,502	1,24,99,502	0.69	-	-	1,17,10,402
Sub Total B3	2,51,967	12,55,17,094	12,55,17,094	6.95	-	-	9,54,52,665
B=B1+B2+B3	2,52,028	40,99,37,238	40,99,37,238	22.68	8,62,99,771	21.05	37,98,72,809
Escrow	1	55,000	55,000	-	-		
Grand Total							

Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No(a)	As a % of total Shares held(b)	
C1) Custodian/DR Holder	-	-	-	-	-	-	-
C2) Employee Benefit Trust	-	-	-	-	-	-	-

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from the Bank or the Book Running Lead Managers. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections "Selling Restrictions" and "Transfer Restrictions" on page137 and141, respectively.

Summary of ICDR Regulations for Qualified Institutions Placements

The Issue is being made in accordance with Chapter VIII of the ICDR Regulations through the mechanism of Qualified Institutions Placement wherein a listed company in India may issue and allot equity shares/fully convertible debentures/partly convertible debentures/non-convertible debentures with warrants or any other security (other than warrants) which are convertible into or exchangeable with equity shares at a later date to QIBs on a private placement basis, provided that:

- a special resolution approving the QIP has been passed by the Bank's shareholders. Such special resolution must specify (a) that the allotment of the Equity Shares is proposed to be made pursuant to the qualified institutions placement, and (b) the relevant date;

- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, or pursuant to conversion or exchange of eligible securities, are listed on a recognized stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution;

- the aggregate of the proposed issue and all previous qualified institutions placements made by the issuer in the same financial year does not exceed five times the net worth (as defined in the ICDR Regulations) of the issuer as per the audited balance sheet of the previous financial year;

- such company complies with the minimum public shareholding requirements set out in the SCRR. However, SEBI vide its letter dated February 16, 2016 has exempted from requirement of the said requirement

At least 10.00% of the equity shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Investors are not allowed to withdraw their Bids after the closure of the Issue.

Prospective purchasers will be deemed to have represented to us and the Book Running Lead Managers in order to participate in the Issue that they are outside the United States and purchasing the Equity Shares in an offshore transaction in accordance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. For further details, please refer to the chapters titled "*Selling Restrictions*" and "*Transfer Restrictions*"

Additionally, there is a minimum pricing requirement under the ICDR Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date. However, a discount of up to 5.00% of the floor price is permitted in accordance with the provisions of the ICDR Regulations.

The "relevant date" in case of allotment of equity shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorized by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognized stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

Equity shares must be allotted within twelve months from the date of the shareholders' resolution approving the QIP. The equity shares issued pursuant to the QIP must be issued on the basis of this Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII of the ICDR Regulations.

This Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:
- two, where the issue size is less than or equal to ₹250 crore; and
- five, where the issue size is greater than ₹250 crore.

No single allottee shall be allotted more than 50.00% of the issue size. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee.

The Issuer has obtained the in-principle approval of the Stock Exchanges under Clause 28 (a) of its SEBI LODR Regulations for the listing of the Equity Shares on the Stock Exchanges. The Issuer has filed a copy of this Placement Document with the Stock Exchanges.

The issuer shall furnish a copy of the preliminary placement document to each stock exchange on which its equity shares are listed.

The Issue has been authorized and approved by the Board of Directors on May 08, 2015 (prior to the shareholder approval) and December 12, 2015 (subsequent to the shareholder approval) and by the shareholders of the Bank on June 30, 2015.

The Shares allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of Allotment, except on a recognized stock exchange in India. Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" (as defined in Regulation S) in reliance on the Regulation S. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. For a description of certain restrictions on transfer of the Equity Shares, please see the section "Transfer Restrictions" on page 141.

Issue Procedure

1. The Bank and the Book Running Lead Managers shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. Bank shall maintain complete records of Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. The Bank will make the requisite filings as may be required.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Managers.

4. Eligible QIBs will be, *inter alia*, required to indicate the following in the Application Form:

    - name of the Eligible QIB to whom Equity Shares are to be Allotted;
    - number of Equity Shares Bid for;
    - price at which they are agreeable to subscribe for the Equity Shares, provided that Eligible QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by the Bank in consultation with the Book Running Lead Managers at or above the Floor Price or the Floor Price net of such discount as approved in accordance with SEBI Regulations;
    - details of the depository account to which the Equity Shares should be credited; and
    - a representation that it is authorized to invest in; and

- it has agreed to certain other representations set forth in the Application Form. and
- A representation that it is outside the United States at the time it places its buy order for the Equity Shares, it is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and it has agreed to certain other representations set forth in the section "Representations by Investors" and "Transfer Restrictions" on page 5 and 141, respectively, of this Placement Document and certain other representations made in the Application Form.

5. Once a duly completed Application Form is submitted by an Eligible QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

   The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

6. Upon receipt of the Application Form, after the Bid/Issue Closing Date, the Bank shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue in consultation with the Book Running Lead Managers. Upon determination of the final terms of the Equity Shares, the Book Running Lead Managers will send the serially numbered CAN along with the Placement Document to Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the Eligible QIB and payment instructions including the details of the amounts payable by the Eligible QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective Eligible QIB. **Please note that the Allocation will be at the absolute discretion of the Bank and will be based on the recommendation of the Book Running Lead Managers.**

7. Pursuant to receiving a CAN, each Eligible QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our designated bank account by the Pay-In Date as specified in the CAN sent to the respective Eligible QIBs. No payment shall be made by Eligible QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant Eligible QIBs applying for the Equity Shares and the Bank shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by the Bank in a separate bank account with a scheduled bank and shall be utilized only for the purposes permitted under applicable rules prescribed by RBI, Act or any other law as may be applicable.

8. Upon receipt of the application monies from the Eligible QIBs, the Bank shall Allot Equity Shares as per the details in the CAN sent to the Eligible QIBs.

9. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, the Bank shall apply to the Stock Exchanges for listing approvals. The Bank will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

10. After receipt of the listing approvals of the Stock Exchanges, the Bank shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

11. The Bank will then apply for the final trading approvals from the Stock Exchanges.

12. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

13. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, the Bank shall inform the Allottees of the receipt of such approval. The Bank and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by

the Stock Exchanges are also placed on their respective websites. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Bank.

Eligible QIBs

Only Eligible QIBs who have not been prohibited by the SEBI from buying, selling or dealing in securities can participate in this Issue. Accordingly, Eligible QIBs for the purposes of this Issue shall comprise:

- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- Mutual Fund;
- alternate investment funds as defined under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 and registered with SEBI ("AIFs");
- FIIs, FPIs other than category III FPIs, Foreign venture capital investor registered with SEBI and authorized to invest in the equity of the Bank,
- state industrial development corporations;
- insurance companies registered with Insurance Regulatory and Development Authority;
- provident funds with minimum corpus of ₹25 crore;
- pension funds with minimum corpus of ₹25 crore;
- multilateral & bilateral development financial institutions
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up and managed by the Department of Posts, India.

This Issue is being made only to Eligible QIBs including FIIs, FPIs and other authorized foreign investors.

Restriction on Allotment

Pursuant to Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being, or any person related to, the promoter. Eligible QIBs which have all or any of the following rights shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or persons related to the promoter;
- veto rights; or
- right to appoint any nominee director on the Board,

Provided, however, that an Eligible QIB which does not hold any shares in us and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

We and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document.

Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other Eligible QIBs.

No person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights on poll in excess of 10.00% of the total voting rights of all the shareholders of the banking company. Provided that the RBI may, increase such ceiling on voting rights from 10.00% to 26.00%, in a phased manner.

Note: *Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Application Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on page3,5,137, and141:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI Regulations and is not excluded under Regulation 86 of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a promoter and is not a person related to the promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the promoter;

4. Each Eligible QIB acknowledges that it no right to withdraw its Bid after the Bid/Issue Closing Date;

5. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted.

7. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. Each Eligible QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Regulations;

9. Each Eligible QIB confirms that to the best of its knowledge and belief together with other Eligible QIBs in the Issue that belongs to the same group or are under same control, the Allotment to the Eligible QIB shall not exceed 50.00% of the Issue Size. For the purposes of this statement:

   a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956;

   b) "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations.

10. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

11. Each Eligible QIB acknowledges, represents and agrees that its total interest in the paid-up share capital of the Bank or voting rights in the Bank, whether direct or indirect, beneficial or otherwise (any such interest, your "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of its "relatives" or "associated enterprises" or person acting in concert, does not exceed 5.00% of the total paid-up share capital of, or voting rights in, the Bank. Except in case such Eligible QIB is an existing shareholder who already holds 5.00% or more of the underlying paid up share capital of, or voting rights in, the Bank pursuant to the acknowledgment or approval of the RBI, its Holding after allotment shall not exceed your existing Holding without the previous approval of the RBI.

12. The QIB confirms that it is purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and it shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India. It also confirms all other applicable representations and warranties included under "Representations by Investors", "Notice to Investors", "Selling Restrictions" and "Transfer Restrictions" at page 5,3,137 and 141, respectively of this Placement Document.

ELIGIBLE QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by an Eligible QIB shall be deemed a valid, binding and irrevocable offer for the Eligible QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Eligible QIB upon issuance of the CAN by us in favour of the Eligible QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Eligible QIB and the number of Equity Shares applied for. The Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following address:

Motilal Oswal Investment Advisors Private Limited
12th Floor, Motilal Oswal Tower,
Rahimtullah Sayani Road,
Opposite Parel S.T. Bus Dept
Prabhadevi
Mumbai – 400 025
Contact: Subodh Mallya
Email:project.marina@motilaloswal.com
Telephone: +91 22 3078 5300

SBI Capital Markets Limited
202, Maker Tower E, Cuffe Parade,
Mumbai 400005
Contact: Mr. Aditya Deshpande
Email: project.marina@sbicaps.com
Telephone: + 91 022-22178300

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each Eligible QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Buildup of the Book

Eligible QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the Book Running Lead Managers and cannot be withdrawn after the Bid/Issue Closing Date.

Price Discovery and Allocation

The Bank, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. The Bank may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the SEBI Regulations.

After finalization of the Issue Price, the Bank shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

The Bank shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE BANK AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER THE BANK NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Managers as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, we, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, decide the Eligible QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Eligible QIBs. Additionally, a CAN will include will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective Eligible QIB's account.

Eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to furnish all details that may be required by the Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

We have opened the "**IOB – QIP Escrow Account**" with the Escrow Agent in terms of the arrangement among us, the Book Running Lead Managers and the Escrow Agent. Eligible QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favoring the "**IOB – QIP Escrow Account**" within the time stipulated in the CAN, the Application Form and the CAN of the Eligible QIB are liable to be cancelled.

We undertake to utilize the amount deposited in "**IOB – QIP Escrow Account**" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if we have not been able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Eligible QIBs, we and the Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Eligible QIBs at our sole and absolute discretion.

Payment Instructions

The payment of application money shall be made by the Eligible QIBs in the name of "**IOB – QIP Escrow Account**" as per the payment instructions provided in the CAN.

Payments are to be made only through electronic fund transfer. Note: Payments through cheques are liable to be rejected.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless Eligible QIBs pay the Issue Price to the "**IOB – QIP Escrow Account**" as stated above.

In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

In relation to Eligible QIBs who have been Allotted more than 5.00% of the Equity Shares in the Issue, the Bank shall disclose the name and the number of the Equity Shares Allotted to such Eligible QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Agent shall release the monies lying to the credit of the Escrow Account to the Bank after Allotment of Equity Shares to Eligible QIBs.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, we shall repay the application money within15 days from expiry of 60 days, failing which we shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the Eligible QIBs

Other Instructions

Right to Reject Applications

We, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of the Bank and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Eligible QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Eligible QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialized form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

We will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Eligible QIBs.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into a placement agreement with us (the "**Placement Agreement**"), pursuant to which the Book Running Lead Managers have agreed to use best efforts, to place the Equity Shares with QIBs, pursuant to chapter VIII of the ICDR Regulations and the Bank has agreed to Allot the Equity Shares to such QIBs as may be determined in consultation with the Book Running Lead Managers, pursuant to the receipt of Application Forms and application monies from such QIBs.

The Placement Agreement contains customary representations and warranties, as well as indemnities from us and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs. No assurance can be given on liquidity or sustainability of trading market for the Equity Shares (including the Equity Shares) post the Issue.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See the section titled "*Representations by Investors - Offshore Derivative Instruments*".

From time to time, the Book Running Lead Managers and certain of their affiliates have provided and continue to provide commercial and investment banking services, particularly acting as an underwriter or Book Running Lead Manager, to us or our affiliates for which they have received and may in the future receive compensation.

Lock up

The Bank undertakes that it will not for a period commencing from the date of execution of the Placement Agreement and ending 90 days from the date of Allotment, without the prior written consent of the Book Running Lead Managers, directly or indirectly:

- purchase, offer, issue, lend, sell, grant any option or contract to purchase, purchase any option or contract to offer, issue, lend, sell, grant any option, right or warrant to purchase, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned) or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing, or

- enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

- deposit Equity Shares with any other depository in connection with a depository receipt facility, or

- enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares in any depository receipt facility; or

- publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction falling within (a) to (d) above.

Provided, however, that the foregoing restrictions do not apply to (i) the issuance of any Issue Shares, and (ii) any issue or offer of Equity Shares by the Bank to the extent issue or offer is (a) required by Indian law and/or (b) undertaken pursuant the instructions order or such other guidelines as maybe issued by the RBI, Central Government of India or such other authority acting on its behalf.

Further, in accordance with Regulation 88 of the ICDR Regulations, the Bank shall not undertake a subsequent QIP until the expiry of six months from the date of the Issue.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

GENERAL

No action has been or will be taken in any jurisdiction by the Bank or the Book Running Lead Managers, that would permit a public offering of the Equity Shares to occur in any jurisdiction or the possession, circulation or distribution of this Placement Document or any other material relating to the Bank or the Equity Shares in the Issue in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares in the Issue may not be offered or sold, directly or indirectly and neither this Placement Document nor any other offering material or advertisements in connection with the offering of Equity Shares issued pursuant to the Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Bank or the Book Running Lead Managers. The Issue will be made in compliance with the ICDR Regulations. Each subscriber of the Equity Shares in the Issue will be required to make, or will be deemed to have made, as applicable, the acknowledgments and agreements as described under the section titled "*Transfer Restrictions*" on page 141 of this Placement Document.

India. This Placement Document is for information purposes only and does not constitute an offer or invitation for any investment or subscription for the Equity Shares in India. Accordingly, this Placement Document may not be distributed or made available (in whole or in part) directly or indirectly in India in connection with any offer or invitation for any investment or subscription of the Equity Shares or to residents of India and any Equity Shares may not be offered, sold, transferred or delivered directly or indirectly in India to, or for the account or benefit of any resident of India, except in compliance with the private placement exemptions under the applicable laws and regulations in India. No action has been or will be taken that would allow an offering of the Equity Shares to the public in India and this Placement Document has not been and will not be registered as a prospectus or a statement in lieu of prospectus with any regulator in India, including the Securities and Exchange Board of India for further review and approval. This Placement Document is strictly personal to the recipient and neither this Placement Document and nor the offering of the Equity Shares is calculated to result, directly or indirectly, in the Shares becoming available for subscription or purchase by any person other than to whom the offer is made.

Australia

This Placement Document is not a disclosure document under Chapter 6D of the Corporations Act 2001 (the "**Australian Corporations Act**"), and has not been lodged with the Australian Securities & Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. (i) The offer of the Equity Shares under this Placement Document is only made to persons to whom it is lawful to offer the Equity Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in Section 708 of the Australian Corporations Act; (ii) this Placement Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their issue or transfer to the offeree under this Placement Document.

Cayman Islands

No offer or invitation to purchase Equity Shares may be made to the public in the Cayman Islands.

European Economic Area (including Liechtenstein, Iceland and Norway)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), an offer may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), make an offer of Equity Shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (i) an average of at least 250 employees during the last Financial Year, (ii) a total balance sheet of more than €50,000,000, as show in its last annual consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means, of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The offering of the Equity Shares has not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the "**Financial Instruments and Exchange Law**"). No Equity Shares have been offered or sold, and will not be offered or sold, directly or in directly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and otherwise in compliance with the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial ordinances of Japan.

Korea

The Equity Shares have not been registered under the Korean Securities and Exchange Law, and the Equity Shares acquired in connection with the distribution contemplated hereby may not be offered or sold, directly or indirectly, in Korea or to or for the account of any resident thereof, except as otherwise permitted by applicable Korean laws and regulations, including, without limitation, the Korean Securities and Exchange Law and the Foreign Exchange Transaction Laws.

Kuwait

The Equity Shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No approval of the Securities Commission of Malaysia has been or will be obtained in connection with the offer and sale of the Equity Shares in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Equity Shares be registered with the Securities Commission of Malaysia. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia.

New Zealand

This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Placement Document, each investor represents and warrants that if they receive this Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Placement Document to any person who is not also a Habitual Investor.

People's Republic of China

This Placement Document, may not be circulated or distributed in the People's Republic of China and the Equity Shares may not be offered or sold directly or indirectly to any resident of the People's Republic of China, or offered or sold to any person for reoffering or resale directly or indirectly to any resident of the People's Republic of China except pursuant to applicable laws and regulations of the People's Republic of China. The Book Running Lead Managers have represented and agreed that neither they nor any of their affiliates have offered or sold or will offer or sell any of the Equity Shares in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the Issue. We do not represent that this Placement Document may be lawfully distributed, or that any Equity Shares may be lawfully offered, in compliance with any applicable registration or other requirements in the People's Republic of China, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us which would permit a public offering of any Equity Shares or distribution of this document in the People's Republic of China. Accordingly, the Equity Shares are not being offered or sold within the People's Republic of China by means of this Placement Document or any other document. Neither this Placement Document nor any advertisement or other offering material may be distributed or published in the People's Republic of China, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the state of Qatar in a manner that would constitute a public offering. This Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank Resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than recipient thereof.

Singapore

The Book Running Lead Managers have acknowledged that this Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Book Running Lead Managers have represented and agreed that it has not offered or sold any Equity Shares issued pursuant to the Issue or caused such Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Equity Shares issued pursuant to the Issue or cause such Equity Shares to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Equity Shares issued pursuant to the Issue, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

- a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation to the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6

months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

- to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law; or
- as specified in Section 276(7) of the SFA.

Switzerland

This Placement Document does not constitute an issue prospectus pursuant to Art. 652a of the Swiss Code of Obligations. The Equity Shares will not be listed on the SWX Swiss Exchange, and therefore, this Placement Document does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Equity Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe the Shares with a view to distribution to the public. The investors will be individually approached by the Book Running Lead Managers. This Placement Document is personal to each offeree and does not constitute an offer to any other person. This Placement Document may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of our Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

United Arab Emirates

This Placement Document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. the Issue, the Equity Shares and interests therein do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE.

By receiving this Placement Document, the person or entity to whom this Placement Document has been issued understands, acknowledges and agrees that the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of securities. The Dubai Financial Services Authority has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom

The Book Running Lead Managers have represented and agreed that they:

- are a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the "**FSMA**"), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;
- have not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

TRANSFER RESTRICTIONS

Resales of Equity Shares, except on the floor of the Stock Exchanges, are not permitted for a period of one year from the date of Allotment, pursuant to Chapter VIII of the SEBI Regulations. Since the following additional restrictions will apply, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Equity Shares.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Additional transfer restrictions applicable to the Equity Shares are listed below.

Subject to the foregoing, by accepting this Placement Document and purchasing any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed with the Company and the Book Running Lead Managers as follows:

- you have received a copy of the Preliminary Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning the Company or the Equity Shares and neither the Company nor any other person responsible for this document or any part of it or the Book Running Lead Managers will have any liability for any such other information or representation;

- you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you agree that you will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transactions complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- you are authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S); and

- the Company, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Managers on their own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above stated restrictions will not be recognized by the Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by the Bank or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by the SEBI, as well as by the Central Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA, SCRR, SEBI Act, the Depositories Act, the Companies Act, and various other rules and regulations framed thereunder. On June 20, 2012, the SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "SCR (SECC) Rules"), which regulate, inter alia, the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, byelaws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into and enforced between members.

The SEBI Act, under which the SEBI was established by the Central Government, granted powers to the SEBI to promote, develop and regulate the Indian securities markets, including stock exchanges and other financial intermediaries in the capital markets, to protect the interests of investors, to promote and monitor self-regulatory organizations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. The SEBI has also issued regulations concerning disclosure requirements by listed and to-be listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, Mutual Funds, FIIs, FPIs, credit rating agencies and other capital market participants.

Listing of Securities

The listing of securities on stock exchanges in India is regulated by the applicable Indian laws including the ICDR Regulations, the SCRA, the SCRR, the SEBI LODR Regulations, the SEBI Act and various guidelines and regulations issued by the SEBI. Under the SCRA and the SCRR, the governing body of each stock exchange is empowered to suspend or withdraw admission to trading of or dealing in a listed security for breach by a listed company of any of the conditions of admission to dealings or for any other reason, subject to such company receiving prior notice of such intent of the stock exchange and upon granting of a hearing in the matter. The SEBI has the power to vary or veto the decision of the stock exchange in this regard. The SEBI also has the power to amend the byelaws of the stock exchanges.

Disclosures under the SEBI LODR Regulations

Public listed companies are required under the SEBI LODR Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI LODR Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI LODR Regulations.

Delisting of Securities

The SEBI has, pursuant to a notification dated June 10, 2009, notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, in relation to the voluntary and compulsory delisting of securities from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

As per SCRR all the companies are required to maintain a minimum public shareholding of 25.00%. Also, as per Regulation 82(c) of SEBI (ICDR) Regulations an entity issuing shares through QIP shall have minimum public shareholding of 25% in accordance with SCRR Rules. However, SEBI vide its letter dated February 16, 2016 has exempted from requirement of the said requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20.00% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available. The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to serve as a national exchange and to provide nationwide, on-line, satellite-linked, screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognized as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes' pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognized stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory open offer obligations for listed Indian companies under Indian law are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to acquisitions of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company.

The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. Since, our Company is an Indian listed entity, the provisions of the Takeover Regulations apply to our Bank.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (the "Insider Trading Regulations") have been notified by SEBI to prohibit and penalize insider trading in India. An "insider" is defined to include any person who has received or has access to unpublished price sensitive information ("UPSI") or a "Connected Person". A "Connected Person" includes, inter alia, any person who is or has directly or indirectly, been associated with the company in any capacity whether contractual, fiduciary or employment or has any professional or business relationship with the company whether permanent or temporary, during the six months prior to the concerned act which would allow or reasonably expect to allow access, directly or indirectly, to UPSI.

An insider is, inter alia, prohibited from trading in securities of a listed or proposed to be listed company when in possession of UPSI and to provide access to any person including other insiders to the above referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than 5% of equity shares or voting rights, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of ten lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organization under the supervision of the SEBI.

STATEMENT OF TAX BENEFITS

The information provided below sets out the possible tax benefits available to the shareholders of a Banking company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT IN THE SHARES PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL.

1. This statement sets out below the possible tax benefits available to the shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the commercial imperatives, the shareholders may or may not choose to fulfill;

2. This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.;

3. In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and

4. The under-mentioned tax benefits will be ordinarily available only to the sole/first-named holder in case the Equity Shares are held by joint shareholders, unless the joint ownership is satisfactorily proved.

   The law stated below is as per the Income-tax Act, 1961 as amended by the Finance Act, 2015 "**FA**".

I. Resident Shareholders

1. We are required to pay a Dividend Distribution Tax ("**DDT**") at the rate of 15% (excluding applicable Surcharge and Education Cess) on the total amount declared, distributed or paid as dividend. Tax on dividends to be distributed by domestic companies should be computed on the grossed up amount of dividend by the rate of tax on such dividend, instead of the net amount paid.

   In calculating the amount of dividend on which DDT is payable, dividend shall be reduced by dividend received from its subsidiary, subject to fulfillment of certain conditions.

2. Under Section 10(34) of the Income Tax Act, 1961, income by way of dividends (whether interim or final) referred to in Section 115-O of Income Tax Act, 1961 received on our shares is exempt from income tax in the hands of shareholders.

   However, it is proposed to amend the Income-tax Act, 1961 (through the Finance Bill, 2016) so as to provide that any income by way of dividend in excess of `10 lakh shall be chargeable to tax in the case of an individual, Hindu undivided family (HUF) or a firm who is resident in India, at the rate of 10%. The taxation of dividend income in excess shall be on gross basis.

   The above amendment is to be made effective from the 1st day of April, 2017 and shall accordingly apply in relation to assessment year 2017-2018 and subsequent years.

3. Such dividend is to be excluded while computing Minimum Alternate Tax ("MAT") liability where such dividend is received by a Company. However, it is pertinent to note that Section 14A of the Income Tax Act, 1961 restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income

is not allowable expenditure. As per section 94(7) of the Income Tax Act, 1961, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

4. The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors. The tax incidence on such gains would accordingly be different.

5. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being shares or any other security listed in a recognized Stock Exchange in India or unit of Unit Trust of India or unit of a Mutual Fund (Equity Oriented) specified under section 10(23D) or a zero coupon bond held by the assesse for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains "LTCG". Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains "STCG".

6. Section 48 of the Income Tax Act, 1961, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of LTCG, from transfer of shares of an Indian company, the second proviso to Section 48 of the Income Tax Act, 1961, permits substitution of cost of acquisition/improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

7. Under Section 10(38) of the Income Tax Act, 1961, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is chargeable to Securities Transaction Tax ("STT"). Although LTCG on shares sold on Stock Exchange on which STT is paid are exempt in computation of taxable income, such gains as are includible in the book profits of a corporate assesse are not exempt from the levy of MAT u/s 115-JB of the Income Tax Act, 1961.

8. Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, LTCG, (other than those exempt under Section 10(38) of the Income Tax Act, 1961) arising on transfer of our shares would be subject to tax at the rate of 20% (plus applicable Surcharge and Education Cess) after indexation. The amount of such tax shall, however, be limited to 10% (plus applicable Surcharge and Education Cess) without indexation, at the option of the shareholder in case the shares are listed.

9. Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under Section 10(38) of the Income Tax Act, 1961) arising on the transfer of our shares would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in a "long term specified assets". A "long term specified asset" means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956

   The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lakh whether invested during the financial year in which the asset is transferred or subsequent year.

   If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount of capital gains so exempted shall be chargeable to tax as LTCG during the year of such transfer or conversion takes place. For this purpose, if any loan or advance is taken as against such specified securities, then such person shall be deemed to have converted such specified securities into money. The cost of the long term specified assets, which has been considered under section 54EC for calculating capital gain, shall not be allowed as a deduction from the income under Section 80C of the Income Tax Act, 1961 for any assessment year beginning on or after 1 April 2006.

10. As per Section 111A of the Income Tax Act, 1961, STCG arising on transfer of our equity share would be taxable at a rate of 15% (plus applicable Surcharge and Education Cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. STCG arising from transfer of our shares, other than those covered by

Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.

11. As per section 70 read with section 74 of the Income Tax Act, 1961, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG. However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.

12. In terms of Section 36(1)(xv) of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of STT.

II. Non-resident shareholders – FIIs

1. We are required to pay a Dividend Distribution Tax ("**DDT**") at the rate of 15% (excluding applicable Surcharge and Education Cess) on the total amount declared, distributed or paid as dividend. Tax on dividends to be distributed by domestic companies should be computed on the grossed up amount of dividend by the rate of tax on such dividend, instead of the net amount paid.

   In calculating the amount of dividend on which DDT is payable, dividend shall be reduced by dividend received from its subsidiary, subject to fulfillment of certain conditions.

2. Under Section 10(34) of the Income Tax Act, 1961, income by way of dividends (whether interim or final) referred to in Section 115-O received on our shares is exempt from income tax in the hands of shareholders. However, it is pertinent to note that Section 14A of the Income Tax Act, 1961 restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not allowable expenditure. As per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

3. Section 2(14) of the Income Tax Act, 1961 has been amended by the FA such that any security held by a FII who has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a Foreign Portfolio Investor ("**FPI**") would be treated in the nature of capital gains.
4. Under Section 10(38) of the Income Tax Act, 1961, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognized Stock Exchange of India and is liable to STT.

5. Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under Section 10(38) of the Income Tax Act, 1961) arising on the transfer of our shares would be exempt from tax if such capital gain is invested within six months after the date of such transfer in a "long term specified assets". A "long term specified asset" means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

a. National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

   The total deduction with respect to investment in the long term specified assets is restricted to ` 50 lakh whether invested during the financial year in which the asset is transferred or subsequent year. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount of capital gains so exempted shall be chargeable to tax as LTCG during the year such transfer or conversion takes place. For this purpose, if any loan or advance is taken as against such specified securities, then such person shall be deemed to have converted such specified securities into money.

6. Under Section 115AD (1)(ii) of the Income Tax Act, 1961, income by way of STCG arising to the FII on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15% if such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable Surcharge and Education Cess.

   Under Section 115AD(1)(iii) of the Income Tax Act, 1961 income by way of LTCG arising from the transfer of shares (in cases not covered under Section 10(38) of the Income Tax Act, 1961) held in the company will be taxable at the rate of 10% (plus applicable Surcharge and Education Cess). **The benefits of indexation of cost and of foreign currency fluctuations are not available to FIIs.**

7. In respect of FIISs, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA between India and the country of residence of the FII. As per section 90(2) of the Income Tax Act, 1961, the provisions of the Income Tax Act, 1961 would prevail over the provisions of the DTAA entered between India and the country of fiscal domicile of the FII, if any, to the extent they are more beneficial to the FIIs. Thus, FIIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

8. As per section 90(4) of the Income Tax Act, 1961, the FIIs shall not be entitled to claim relief under section 90(2) of the Income Tax Act, 1961, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Income Tax Act, 1961, the FIIs shall be required to provide such other information, as has been notified.

9. With effect from 1 April 2015, the benefit of the DTAA will not be available to a FII, if the Tax department declares any arrangement to be an impermissible avoidable arrangement.

10. As per Section 196D of the Income Tax Act, 1961, no tax is to be deducted from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a FII.

III. VENTURE CAPITAL COMPANIES/FUNDS

Under Section 10(23FB) of the Income Tax Act, 1961, any income of Venture Capital Company registered with SEBI or Venture Capital Fund registered under the provision of the Registration Act, 1908 (set up to raise funds for investment in venture capital undertaking notified in this behalf), would be exempt from income tax, subject to conditions specified therein. Venture capital companies / funds are defined to include only those companies / funds which have been granted a certificate of registration, before the 21st day of May, 2012 as a Venture Capital Fund or have been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund. 'Venture capital undertaking' means a venture capital undertaking as defined in clause (n) of regulation 2 of the Venture Capital Funds Regulations or as defined in clause (aa) of sub-regulation (1) of regulation 2 of the Alternative Investment Funds Regulations.

As per Section 115U of the Income Tax Act, 1961, any income accruing/arising/received by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the venture capital undertaking.

Further, as per section 115U(5) of the Income Tax Act, 1961, the income accruing or arising to or received by the venture capital company/funds from investments made in a venture capital undertaking if not paid or credited to a person (who has investments in a Venture Capital Company /Fund) shall be deemed to have been credited to the account of the said person on the last day of the tax year in the same proportion in which such person would have been entitled to receive the income had it been paid in the tax year.

IV. MUTUAL FUNDS

Under Section 10(23D) of the Income Tax Act, 1961, any income of mutual funds registered under Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, in this behalf.

V. RECOGNISED PROVIDENT FUND, APPROVED SUPERANNUATION FUND AND APPROVED GRATUITY FUND

Under section 10(25) of the Income Tax Act, 1961, any income received by trustees on behalf of a Recognized Provident Fund, Approved superannuation fund, Approved Gratuity Fund and Approved Coal-Mines Provident Fund is exempt from tax.

VI. MULTI-LATERAL AND BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS:

Generally, multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the bank depending on the applicable Statute and Acts passed in India. In case they are not specifically exempt from tax, then the provisions as applicable for capital gains to a non-resident FII, as they should be registered as FII, should apply to these institutions.

VII. TAX DEDUCTION AT SOURCE

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Income Tax Act, 1961.However, as per the provisions of Section 195 of the Income Tax Act, 1961, any income by way of capital gains payable to non-residents (other than LTCG exempt u/s 10(38)) may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the DTAA, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a resident in a country outside India, to get the benefit of the applicable DTAA and the document as notified under the provision of section 90(5) of Income Tax Act, 1961. The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act.

Notes

1. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.

2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country in which the nonresident has fiscal domicile.

3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

5. This statement of possible direct tax benefits enumerated above is further subject to the amendments sought to be introduced by the Finance Bill 2016 which is pending for Presidential Assent.

6. For Income Tax purposes, the term ‘Company’ which has been referred to hereinabove, includes a banking company.

The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

LEGAL PROCEEDINGS

*In the ordinary course of our business, we as well as certain of our officers and employees are involved in legal, regulatory, arbitral and claims at various levels of adjudication, including criminal cases, civil suits, taxes including income, employment-related disputes. The total claim against our Bank in all such proceedings is not ascertainable, as the monetary claim against us has not been quantified. The following are certain material legal proceedings involving our Bank on the date of this Placement Document. For the purpose of this section, pending legal proceedings where there is monetary claim of ₹30 crore or above by/against our Bank in accordance with the Board approved Policy of Materiality of our Bank have been considered material, as well as criminal, tax-related, and certain material civil and regulatory proceedings by/against our Bank have been disclosed individually. This is not an exhaustive presentation of all legal, regulatory, arbitral and administrative proceedings that our Bank is involved in. Also see "**Risk Factors**" on page 28*

I. CIVIL CASES BY THE BANK

A. CASES BEFORE THE DEBT RECOVERY TRIBUNAL

There are around 12,858 cases pending which have been initiated by the Bank before the Debt Recovery Tribunal of respective jurisdictions for recovery of an amount to the tune of ₹5,851.35 crore. Out of such 12,858 cases, 12,377 cases involve recovery of amounts less than ₹1 Crore and 481 Cases involve recovery of amounts over ₹1 Crore.

a) Cases by our Bank in the Debt Recovery Tribunal:

Further, those cases by our Bank involving a recovery amount to the extent of ₹30.00 crore and above in each case are provided below:

1. Our Bank being one of the lender banks in the consortium of banks, is party to recovery proceedings against M/s. REI Agro Limited vide O.A No. 552/2015 dated October 7, 2015, before the Debt Recovery Tribunal-I, Kolkata for a recovery of ₹400.27 crore being book outstanding amount. M/s. REI Agro Limited has approached the Board of Industrial and Financial Reconstruction (BIFR), the proceedings of which are pending. The CBI has also initiated proceedings against M/s. REI Agro Limited and has conducted a raid at the company premises of M/s. REI Agro Limited. The matter is currently pending.

2. Our Bank being one of the lender banks in the consortium banks is party to recovery proceedings against M/s. MBS Jewellers Pvt Ltd., vide O.A No. 352/2014 dated February 20, 2014, before the Debt Recovery Tribunal, Hyderabad for recovery of an outstanding amount of ₹193.18 crore. Demand Notice was issued to M/s. MBS Jewellers on July 30, 2013 by the Punjab and National Bank (lead bank in the consortium of banks). The symbolic possession of the two assets was taken on 24.02.2014 as per the provisions of SARFASEI Act. A Court Commissioner was appointed by the court for sale of the said assets/properties and accordingly sale notice was issued by the bank for the sale of the said assets/properties. However, a stay on the sale has been granted by the DRT, for one property, whereas the other property is not traceable. The matter is currently pending before the DRT. On account of a complaint filed against M/s. MSB Jewellers Pvt Ltd., one of its directors was arrested by CBI on December 27, 2013. The matter is currently pending.

3. Our Bank being the leader bank in the consortium of banks has initiated recovery proceedings against M/s. Century Communication Limited vide O.A No. 160/13 dated July 23, 2014, before the Debt Recovery Tribunal-I (DRT), Delhi for recovery of an outstanding amount of ₹151.60 crore. The demand notice was issued on August 13, 2012 for recovery of the amount. Symbolic possession of the properties/assets of Ms. Century Communication Limited, was taken as per the provisions of SARFASEI Act and an E- auction of the said properties/assets was held. However, such auction failed to gather the appropriate response. The matter is currently pending.

4. Our Bank, being one of the lender banks in the consortium of banks is party to recovery proceedings against M/s. Indian Techonomic Company Ltd., vide O.A No. 375 of 2014 dated September 5, 2014, before the Debt Recovery Tribunal (DRT), Delhi for recovery of an amount of ₹1,555 crore. The demand notice was issued on June 12, 2014, for recovery of the amount. The symbolic possession of the properties/assets of M/s. Indian Technomac Company Ltd., for such recovery was taken on September 5, 2014 and October 31, 2014 under the provisions of the SARFESI Act. The physical possession of the properties/assets of M/s. Indian Technomac Company Ltd., was taken on April 13, 2015.An E- auction was held on October 14, 2015 for sale of the properties/assets of M/s. Indian Technomac Company. The matter is currently pending.

5. Our Bank being one of the lender banks in the consortium of banks is party to recovery proceedings against M/s. Jain Infraprojects Limited vide O.A No. 349/2014 dated September 12, 2015, before the Debt Recovery Tribunal-I

(DRT), Kolkata for recovery of an outstanding amount of. ₹892.9 crore. The demand notice was issued on March 10, 2014 for recovery of the amount. Symbolic possession of the properties/assets for such recovery from M/s. Jain Infraprojects Limited, was taken as per the provisions of SARFASEI Act. The matter is currently pending.

6. Our Bank has initiated recovery proceedings against M/s. Oceanic Bio Harvest and M/s. Oceanic Edibles, vide O.A No. 279/14 and O.A No. 392/14 dated July 14, 2014, and October 31, 2014, respectively, before the Debt Recovery Tribunal (DRT), Chennai for recovery of an outstanding amount of ₹98.57 crore (Oceanic Bio Harvest) and ₹132.26 (Oceanic Edibles) respectively. The demand notice was issued on September 13, 2013 for recovery of the amount. The matter is currently pending.

7. Our Bank being one of the lender banks in the consortium of banks party to recovery proceedings against M/s. Kingfisher Airlines Limited vide O.A No. 766/13 dated June 25, 2013, before the Debt Recovery Tribunal-I (DRT), Mumbai for recovery of an outstanding amount of.₹6203.33 crore. The demand notice was issued by SBICAPS (being the leader bank in the consortium) on May 3, 2013, for recovery of the amount. Symbolic possession of the properties/assets of M/s. Kingfisher Airlines Limited was taken as per the provisions of SARFASEI Act. An E-auction of the properties/assets of M/s. Kingfisher Airlines Limited is to be held on 17.03.2016. The matter is currently pending.

8. Our Bank being one of the lender banks in the consortium of banks is party to recovery proceedings against M/s. Bengal India Global Infrastructure vide O.A No. 357/2014 dated September 22, 2014, before the Debt Recovery Tribunal (DRT), Kolkata for recovery of an outstanding amount of ₹588.21 crore. The demand notice was issued on March 19, 2014 for recovery of the amount. The matter is currently pending.

9. Our Bank has initiated recovery proceedings against M/s. Green Valley Plywood Limited, vide O.A No. 499/2012 dated August, 30 2012, before the Debt Recovery Tribunal (DRT), Chandigarh for recovery of an outstanding amount of ₹123.00 crore. The demand notice was issued on November 02, 2011 for recovery of the amount. The symbolic possession of the properties/assets of M/s. Green Valley Plywood Limited for such recovery was taken on January 20, 2012 as per the provisions of SARFASEI Act. The physical possession of the said property was taken on January 24, 2012. However, our bank was not able to sell any of the said properties/assets as a stay was obtained in the matter by M/s. Green Valley Plywood Limited. The matter is currently pending.

10. Our Bank has initiated recovery proceedings against M/s. Alpine Minmetals India Pvt Ltd., vide O.A No. 45/13 dated March 8, 2013, before the Debt Recovery Tribunal (DRT), Delhi. for recovery of an outstanding amount of ₹124.45 crore. The demand notice was issued on October 15, 2012 for recovery of the amount. The symbolic possession of the properties/assets of M/s. Alpine Minmetals India Pvt Ltd., for such recovery was taken on December 29, 2014 and January 3, 2015 as per the provisions of SARFASEI Act. An E- auction was held on January 29, 2015. However, the said auction failed to gather the appropriate response. The matter is currently pending.

11. Our Bank being one of the lender banks in the consortium of banks is party to recovery proceedings against M/s. Spanco Limited, vide O.A No. 189/2015 dated July 1, 2015, respectively, before the Debt Recovery Tribunal (DRT), Mumbai for recovery of an outstanding amount of ₹78.62 crore. The demand notice was issued for recovery of the amount through possession of the properties/assets of Spanco Limited. Symbolic possession of the said properties/assets were taken on May 22, 2014, as per the provisions of SARFASEI Act. An E-auction was held to sell the properties/assets of M/s. Spanco Limited on June 12, 2015. The amount obtained after the sale of the property was appropriated to the account of our bank as per the terms of the consortium. The High Court of Bombay had passed a winding up petition against M/s. Spanco Limited and an Official Liquidator (OL) has been appointed by the said High Court vide an order dated December 12, 2015. Our Bank has filed an implementation application in the said DRT to make the OL as a party to the said proceedings. The matter is currently pending.

12. Our Bank has initiated recovery proceedings against M/s. NaftoGaz India Pvt Ltd., vide O.A No. 155 of 2014 dated July 11, 2014, before the Debt Recovery Tribunal (DRT), Delhi for recovery of an outstanding amount of ₹100.10 crore. The demand notice was issued on January 29, 2014, for recovery of the amount. The matter is currently pending.

13. Our Bank being one of the lender banks in the consortium of banks has initiated recovery proceedings against M/s. Pearl Vision Limited, vide O.A No. 127 of 2013 dated July 23, 2013, respectively, before the Debt Recovery Tribunal (DRT), Delhi for recovery of an outstanding amount of ₹72.40 crore. The demand notice was issued for recovery of the amount through possession of the properties/assets of Pearl Vision Limited on August 13, 2012. Symbolic possession of the said properties/assets were taken on the following dates of the properties/assets of M/s. Pearl Vision Limited as per the provisions of SARFASEI Act: November 22, 2012 of the property in Noida;

November 24, 2012 of the property in Mumbai; and December 3, 2012 of the property in Chennai. An E-auction of the said properties was carried out on February 9, 2015. However, the said auction failed to gather the appropriate response. The matter is currently pending .6

14. Our Bank has initiated recovery proceedings against M/s. Deccan Chronicle Holdings Ltd., vide O.A No. 985/2013 dated September, 9, 2013, before the Debt Recovery Tribunal (DRT), Hyderabad. for recovery of an outstanding amount of ₹82.28 crore. The demand notice was issued on March 8, 2013 for recovery of the amount. The symbolic possession of the properties/assets of M/s. Deccan Chronicle Holdings Ltd., for such recovery was taken on June 12, 2013 as per the provisions of SARFASEI Act. The physical possession of the said properties/assets is yet to be taken. An E-auction was held on April 10, 2015. The said auction failed to gather the appropriate response. Another E-auction was held on September 14, 2015 for one of the properties of M/s. Deccan Chronicle Holdings Ltd. In the said E-auction the said property was auctioned for ₹4.77 crore. However, the successful bidder only made part payment within the time stipulated for making the payment and the same was forfeited. The matter is currently pending.

15. Our Bank has initiated recovery proceedings against M/s. Prime Pulses Limited, vide O.A No. 406/2011 dated September, 16 2011, before the Debt Recovery Tribunal (DRT), Kolkata for recovery of an outstanding amount of ₹76.07 crore. The demand notice was issued on May 17, 2011 for recovery of the amount. The symbolic possession of the properties/assets of M/s. Prime Pulses Limited for such recovery was taken on July 18, 2011, under the SARFESI Act. The physical possession of the said property was taken on February 2, 2016. As on date the said property is in possession of our Bank. The matter is currently pending in DRT. Further, our bank has lodged a complaint with CBI on May 30, 2011, but the CBI has not yet submitted a copy of the investigation report. The matter is pending. The matter is currently pending

16. Our Bank has initiated recovery proceedings against M/s. Prime Impex Limited vide O.A No. 354/2011 dated August 14, 2011, before the Debt Recovery Tribunal-I (DRT), Kolkata for recovery of an outstanding amount of ₹85.85 crore. Winding up proceedings have been filed against M/s. Prime Impex Limited in the High Court of Kolkata. Thereby an Official Liquidator (OL) has been appointed by the said High Court. Our Bank has filed an implementation application in the said DRT to make the OL as a party to the said proceedings in DRT. Further all properties/assets of M/s. Prime Impex Limited have been sold under SARFESI Act and the proceedings as due to us, were appropriated to our Bank. The matter is currently pending.

17. Our Bank being one of the lender banks in the consortium of banks has initiated recovery proceedings against M/s. Zoom Developers Pvt Limited, vide O.A No. 82/2012, dated February 21, 2012, before the Debt Recovery Tribunal (DRT), Mumbai for recovery of an outstanding amount of ₹87.83 crore. The demand notice was issued on January 18, 2012 for recovery of the amount. The symbolic possession of the properties/assets of M/s. Zoom Developers Pvt Limited for such recovery was taken on September, 2012, under the SARFESI Act. United Bank of India, being the lead bank in the consortium, held E-auctions for the properties/assets of M/s. Zoom Developers Pvt Limited. However, none of the said auctions have gathered the appropriate response. The matter is currently pending.

18. Our Bank has initiated recovery proceedings against M/s. Fairdeal Suppliers (P) Ltd., vide O.A. No. 378/2014 dated September 30, 2014, before the Debt Recovery Tribunal-I (DRT), Kolkata for an outstanding amount ₹85.14 crore. Further a referral was made before the Board of Industrial and Financial Reconstruction (BIFR) by M/s. Fairdeal Suppliers (P) Ltd. The matter is currently pending in the DRT and before BIFR. The next date of hearing before BIFR is June 20, 2016 and next date of hearing before DRT is June 20, 2016.

19. Our Bank has initiated recovery proceedings against M/s. Namco Industries Pvt Ltd., vide O.A No.90/2015 dated March, 13, 2015, before the Debt Recovery Tribunal (DRT), Jabalpur for recovery of an amount ₹94.81 crore. The demand notice was issued to M/s. Namco Industries Pvt Ltd., for appearing in court on June 23, 2015. The symbolic possession of the properties/assets of M/s. Namco Industries Pvt Ltd. was taken on September 10, 2015, under the provisions of the SARFESI Act. Thereafter M/s. Namco Pvt Ltd., filed before the Board for Industrial and Financial Reconstruction ("BIFR"). M/s. Namco Pvt Ltd has filed an application to suspend further proceedings in the said O.A on the basis of pending reference before BIFR. The proceedings pending before the DRT are postponed till further order are issued by the BIFR. The matter is currently pending.

20. Our Bank being the leader bank in the consortium of banks is party to recovery proceedings against M/s. Pixion Media Pvt Ltd., vide O.A No. 172 of 2013 dated July 23, 2013, before the Debt Recovery Tribunal (DRT), Delhi for recovery of an amount of ₹60 crore. The demand notice was issued to M/s. Pixion Media Pvt Ltd., for appearing in court on August 13, 2012. The symbolic possession of the properties/assets of M/s. Pixion Media Pvt Ltd., was taken on the following dates under the provisions of the SARFESI Act: November 22, 2012 (property in Noida and

Mumbai) December 3, 2012 (property in Chennai). An E-auction was held on February 9, 2015 of the aforesaid properties, however the auction failed to gather appropriate response. The matter is currently pending.

21. Our bank has initiated recovery proceedings against M/s. Musaddilal Jewellers vide O.A. No. 1447/14, for recovery of an outstanding amount of 85.81 crore in the Debt Recovery Tribunal (DRT) at Hyderabad dated December 5, 2014. A demand Notice was issued to Musaddilal Jewellers on July 7, 2014. The symbolic possession of the two assets of M/s. Musaddilal Jewellers was taken on October 20, 2014 under the provisions of the SARFESI Act. Our Bank issued the possession notice on October 20, 2014, for physical possession. However, M/s. Musaddilal Jewellers has, applied to the DRT for stay against the said physical possession. The DRT has directed our Bank to maintain status quo in the matter. Our Bank thereafter has filed a petition in DRT for vacation of the stay. The matter is currently pending.

22. Our Bank has initiated recovery proceedings against M/s. Tulip Telecom Limited., vide O.A No. 372 of 2015 dated August 21, 2015, before the Debt Recovery Tribunal (DRT), Delhi for recovery of an outstanding amount of ₹170.96 crore. The demand notice was issued on April 16, 2015, for recovery of the amount. The date of taking of symbolic possession of the assets of M/s. Tulip Telecom Limited, for recovery, was August 21, 2015. The date of taking physical possession of the assets of M/s. Tulip Telecom Limited, for recovery, was December 3, 2015, under the provisions of the SARFESI Act. The matter is currently pending.

23. Our Bank being the leader bank in the consortium of banks has initiated recovery proceedings against M/s. VTX Ltd., vide O.A No. 90/2014 dated April 4, 2014, before the Debt Recovery Tribunal (DRT), Coimbatore for recovery of an outstanding amount of ₹85.58 crore. The demand notice was issued to M/s. VTX Ltd. The symbolic possession of the properties/assets of M/s. VTX Ltd was taken on February 15, 2014 and February 17, 2014 under the provisions of SARFESI Act. The account has been transferred to ARC. The matter is currently pending.

24. Our Bank, has initiated recovery proceedings against M/s. Vee Pee Estate and Hotels Pvt Ltd., vide O.A No. 118 of 2014 dated April, 16, 2014, before the Debt Recovery Tribunal (DRT), Chennai for recovery of an outstanding amount ₹59.66 crore. The demand notice was issued to M/s. Vee Pee Estate and Hotels Pvt. Ltd. on May 2, 2013. Whereas the possession notice was issued to Vee Pee Estate and Hotels Pvt. Ltd., on September 2, 2014. Thereafter symbolic possession of the properties/assets of M/s. Vee Pee Estate and Hotels Pvt. Ltd., was taken under the provisions of the SARFESI Act. An E-auction was held on January 23, 2015 and March 30, 2015 for sale of the properties of M/s. Vee Pee Estate and Hotels Pvt. Ltd. However, both the auction failed to gather the appropriate response. The matter is currently pending.

25. Our Bank, has initiated recovery proceedings against M/s. Aascar Film Pvt Ltd., vide O.A No. 35/2015 and 235/15 dated July 23, 2013, before the Debt Recovery Tribunal (DRT), Delhi Chennai for recovery of an outstanding amount involved in the proceedings being of ₹99.24 crore (₹59.85 crore+ ₹39.39 crore).The demand notice was issued to M/s.Aascar Film Pvt Ltd., on December 11, 2014. The possession notice was issued M/s. Aascar Film Pvt Ltd., on April 28, 2015. An E-auction was held on June 25, 2015 for the sale of the properties/assets of M/s. Aascar Film Pvt Ltd. However, M/s. Aascar Film Pvt Ltd., obtained a stay from DRT with a condition to remit ₹3.00 crore before June 24, 2015. A fresh E-auction was held on March 7, 2015 for sale of one of the property of M/s.Aascar Film Pvt Ltd. The said auction failed to gather appropriate response. The matters are currently pending.

26. Our Bank, being one of the lender banks in the consortium of banks is party to recovery proceedings against M/s. Octomac Engineering Ltd., vide O.A No. 132 OF 2015 dated December 4, 2015, before the Debt Recovery Tribunal (DRT), Mumbai for recovery of an outstanding amount of ₹44.01 crore. The matter is currently pending. A winding up petition has been filed against M/s. Octomac Engineering Ltd and an Official Liquidator (OL) has been appointed by the said High Court. The matter is currently pending.

27. Our Bank, being one the banks in the consortium of banks has initiated recovery proceedings against M/s. Adigear International., vide O.A No. 98 dated February 2, 2015, before the Debt Recovery Tribunal (DRT), Delhi. The amount involved in the proceedings is for recovery of an outstanding amount of ₹41.30 crore. In this matter our bank being one the banks in the consortium of banks has extended financial assistance M/s. Adigear International. The matter is currently pending.

28. Our Bank has initiated recovery proceedings against M/s. Vanishita Ispat Udyog Pvt Ltd., vide O.A No. 18/2014 dated January13, 2014, before the Debt Recovery Tribunal (DRT), Chennai. The amount involved in the proceedings is for recovery of an outstanding amount of ₹46.07 crore. The demand notice was issued to M/s. Vanishita Ispat Udyog Pvt Ltd., on September 2, 2013. The possession notice was issued on December 2, 2013.Thereby an E-auction was held on November 4, 2015 of the properties of M/s. Vanishita Ispat Udyog Pvt Ltd., however the auction failed to gather appropriate response. The matter is currently pending.

29. Our Bank has initiated recovery proceedings against M/s. J Marks (P) Ltd., vide O.A No. 382 of 2014 dated September16, 2014, before the Debt Recovery Tribunal (DRT), Mumbai for recovery of an outstanding amount of ₹39.06 crore. The demand notice was issued to M/s. J Marks (P) Ltd., on March 6, 2014. The symbolic possession was taken on June 7, 2014 under the provisions of the SARFESI Act. Thereby an E-auction was held on September 3, 2015 and October 5, 2015 of the properties of M/s. J Marks (P) Ltd., however, the auctions failed to gather appropriate response. The matter is currently pending.

30. Our Bank has initiated recovery proceedings against M/s. Nimbus Communication., vide O.A No. 319/2014 dated August, 2013, before the Debt Recovery Tribunal (DRT), Mumbai for recovery of an outstanding amount of ₹39.23 crore in consideration of intangible rights from M/s. Nimbus Communication. The matter has been reserved for orders.

31. Our Bank, being one of the lender banks in the consortium of banks has initiated recovery proceedings against M/s. Jasubhai Jewellers (P) Ltd., vide O.A No. 239/2015, dated May 5, 2015, before the Debt Recovery Tribunal (DRT), Ahmedabad for recovery of an outstanding amount of ₹39.38 crore. The demand notice was issued to M/s. Jasubhai Jewellers (P) Ltd., on October 9, 2014. The symbolic possession for the properties/assets of M/s. Jasubhai Jewellers (P) Ltd. was taken on March 27, 2015 as per the provisions of the SARFESI Act. The permission for physical possession of the properties/assets of M/s. Jasubhai Jewellers (P) Ltd, was taken by State Bank of India (SBI) being the leader bank in the consortium. The permission order of the District Magistrate dated February 6, 2016, has been received. The matter is currently pending.

32. Our Bank has initiated recovery proceedings against M/s. Shree Ram Saw Mill Pvt Ltd., vide O.A No. 434/2015 dated August 25, 2015, before the Debt Recovery Tribunal (DRT), Kolkata for recovery of an outstanding amount of ₹36.89 crore. The demand notice was issued to M/s. Shree Ram Saw Mill Pvt. Ltd. on July 6, 2015. The symbolic possession was taken on January 5, 2016. The matter is currently pending

33. Our Bank along with UCO Bank has initiated recovery proceedings against M/s. Chandigarh Treasure Island (P) Ltd., vide O.A No. 228/13 dated September 30, 2013, before the Debt Recovery Tribunal (DRT), Chandigarh. The amount involved in the proceedings is ₹32.21 crore. The demand notice was issued to M/s. Chandigarh Treasure Island (P) Ltd on May 18, 2013. The symbolic possession was taken on August 1, 2013. Three auctions were held for sale of the properties of M/s. Chandigarh Treasure Island (P) Ltd on October 30, 2013, January 31, 2014 and August 20, 2014. However, the said auctions failed to gather the appropriate response. The matter is currently pending.

34. Our Bank has initiated recovery proceedings against M/s. Abhijeet Projects Limited., vide O.A No. 383/2014 dated October 16, 2014, before the Debt Recovery Tribunal (DRT), Nagpur. The amount involved in the proceedings is for recovery of an outstanding amount ₹89.36 crore. The matter is currently pending.

35. Our Bank has initiated recovery proceedings against M/s. Lakhani India Limited., vide O.A No. 205 of 2013 dated March 21, 2013, before the Debt Recovery Tribunal (DRT), Faridabad for recovery of an outstanding amount of ₹108.06 crore. The demand notice was issued on December 4, 2012, for recovery of the amount. The date of taking of symbolic possession of the assets of M/s. Lakhani India Limited, for recovery, was April 27, 2013 under the provisions of the SARFESI Act. The date of taking physical possession of the assets of M/s. Lakhani India Limited, for recovery, was June 30, 2013. Thereafter two auctions were held for sale of the aforesaid properties. But the auctions failed to gather the appropriate response. The matter is currently pending.

36. Our Bank has initiated recovery proceedings against M/s. Blue Bird (India) Ltd., vide O.A No. 435/13 dated November 25, 2011, before the Debt Recovery Tribunal (DRT), Pune. In this matter our bank being one of the lender banks in the consortium of banks has extended financial assistance to M/s. Blue Board (India) Ltd. The amount involved in the proceedings is ₹37.50 crore. The demand notice was issued to M/s. Blue Board (India) Ltd., on March 3, 2013. The symbolic possession was taken on November6, 2012. M/s. Blue Board (India) Ltd., has gone for liquidation under the High Court of Bombay. Thereby an Official Liquidator (OL) has been appointed by the said High Court. The matter is currently pending.

B. LABOUR/INDUSTRIAL AND EMPLOYMENT RELATED CASES

Our Department has been defending Court Cases filed by Staff members, legal heirs of Staff members, ex-staff and others before various legal forums viz. Assistant Labour Commissioner (Central), Regional Labour Commissioner (Central), Controlling Authority, CGIT cum Labour Court, City Civil Courts, High Courts, and the Supreme Court regarding Service matters and Labour issues.

The details of Court Cases pending as on 31.01.2016 are as follows:

S. No	Before Supreme Court / High Court and various forums	Pending
1.	SLP and Civil appeals filed before the Supreme Court	10
2.	Writ Petitions and Writ Appeals	203
3.	Civil Suit filed by staff, third parties against the Bank and by Bank	70
4.	Industrial Dispute before Labour Commissioner and CGIT	63

The above cases are in the nature of purely service and labours issues viz. challenging the original order issued by Disciplinary Authority, challenging promotions, non/ less settlement of terminal benefits, non regularisation of service etc. Hence the amount involved in the above cases could not be quantified and in most of the cases the amount involved is nil.

C. CONSUMER AND OTHER CASES

As on March 31, 2016 there are 268 cases pending adjudication before the Consumer Forums involving a cumulative amount of ₹7.98 crore and there are 71 civil suits pending adjudication before Civil Courts involving a cumulative amount of ₹36.04 crore.

II. TAX PROCEEDINGS

A. Tax matters by the Bank pending before the Supreme Court:

1. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble Supreme Court vide Special Leave Petition (C) No. 16632 of 2012 in respect of Assessment Year 2002-03 seeking refund of interest charged under Section 234D of the Income Tax Act on the ground that interest under Section 234D cannot be charged in respect of refund granted prior to insertion of the Section and for the period subsequent to the introduction of the Section. Currently the matter is pending before the Hon'ble Supreme Court.

2. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal against the Department of Income Tax before the Hon'ble Supreme Court vide Special Leave Petition (C) No. 12034 of 2012 in respect of Assessment Year 2002-03 on the ground that interest under Section 234D cannot be charged in respect of refund granted prior to insertion of the Section and for the period subsequent to the introduction of the Section. Currently the matter is pending before the Hon'ble Supreme Court.

3. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal against the Department of Income Tax before the Hon'ble Supreme Court vide Special Leave Petition (C) Nos. 25251-25254 of 2013 in respect of Assessment Years 1998-1999, 2000-01 & 2001-02 seeking refund under Section 234D of the Income Tax Act on the ground that interest under Section 234D cannot be charged in respect of refund granted prior to insertion of the Section and for the period subsequent to the introduction of the Section. Currently the matter is pending before the Hon'ble Supreme Court, the last date of hearing was February 17, 2015, for service of notice.

B. Tax matters filed by the Bank pending before the Hon'ble High Court of Madras:

1. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal seeking the Deduction of Interest accrued on securities but not due, from business income for the Assessment Year 1994-95 and secondly taxability of exchange gain on account of return of capital sent to foreign branches - notional unrealized gain on account of the difference in exchange rate difference between the date of remittance of funds from CO to Overseas branches and the date on which these funds were remitted back to CO, and against the disallowance of Entertainment expenses u/s 37(2A). The matter is pending before the Hon'ble High Court of Madras.

2. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal seeking the Deduction of Interest accrued on securities but not due, from business income for the Assessment Year 1995-96 and against the disallowance of Entertainment expenses u/s 37(2A). The matter is pending before the Hon'ble High Court of Madras.

3. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal against the disallowance of Entertainment expenses u/s 37(2A) for the Assessment Year 1996-97. The matter is pending before the Hon’ble High Court of Madras.

4. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of Applicability of provisions of Section 115JA to banks or Computation of book profits based on P& L as per Companies Act or BR Act for the Assessment Year 1997-98. The matter is pending before the Hon’ble High Court of Madras.

5. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of Applicability of provisions of Section 115JA to banks or Computation of book profits based on P& L as per Companies Act or BR Act for the Assessment Year 1998-99. The matter is pending before the Hon’ble High Court of Madras.

6. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of Applicability of provisions of Section 115JA to banks or Computation of book profits based on P& L as per Companies Act or BR Act for the Assessment Year 1999-2000. The matter is pending before the Hon’ble High Court of Madras.

7. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of Applicability of provisions of Section 115JA to banks or Computation of book profits based on P& L as per Companies Act or BR Act for the Assessment Year 2000-01. The matter is pending before the Hon’ble High Court of Madras.

8. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of Applicability of provisions of Section 115JB to banks or Computation of book profits based on P& L as per Companies Act or BR Act and challenge the disallowance of contribution to staff welfare fund on the ground that the fund was not recognized for the Assessment Year 2002-03. The matter is pending before the Hon’ble High Court of Madras.

9. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue that even if provisions of Section 115JB to Banks are applicable P & L has to be as per Schedule VI should be followed and Disallowance of provision for bad debts, standard assets, IOB R & D fund, wage arrears, 14A, and surcharge in computing book profits for the Assessment Year 2004-05. The matter is pending before the Hon’ble High Court of Madras.

10. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of taxability of exchange gain on return of capital on account of repatriation - notional unrealized gain on account of the difference in exchange rate difference between the date of remittance of funds from CO to Overseas branches and the date on which these funds were remitted back to CO for the Assessment Year 2005-06. The matter is pending before the Hon’ble High Court of Madras.

11. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of levy of interest u/s 234D - 234D for the Assessment Year 2003-04. The matter is pending before the Hon’ble High Court of Madras.

12. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of allowability of Double Income Tax Relief for Bangkok branch income - considering the DTAA agreement between India and Thailand and challenge the disallowance of contribution to staff welfare fund on the ground that the fund was not recognized for the Assessment Year 2004-05. The matter is pending before the Hon’ble High Court of Madras.

13. The Bank has preferred an appeal against the Department of Income Tax before the Hon’ble High Court of Madras vide Tax Case Appeal on the issue of allowability of Double Income Tax Relief for Bangkok branch income - considering the DTAA agreement between India and Thailand and challenge the disallowance of contribution to staff welfare fund on the ground that the fund was not recognized for the Assessment Year 2005-06. The matter is pending before the Hon’ble High Court of Madras.

14. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of bad debts written off claims for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

15. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal, on the issue of Restricting deduction u/s 36(1)(viia) to the extent of provision made in books and taxability of surplus on takeover of Bharat Overseas Bank Ltd - gain to be treated capital gain and not as business income as Bharat Overseas Bank was a 100% subsidiary of IOB. The appeal is preferred as ITAT dismissed the issue since the shares were held as stock in trade and also on the ground that depreciation claimed by Bank at 80% for UPS considering the same as energy saving device, allowed by ITAT at 60% for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

16. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Restricting deduction u/s 36(1) (viia) to the extent of provision made in books for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

17. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of allowability of Double Income Tax Relief for Bangkok branch income - considering the DTAA agreement between India and Thailand and challenge the disallowance of contribution to staff welfare fund on the ground that the fund was not recognized for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

18. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Restricting deduction u/s 36(1) (viia) to the extent of provision made in books, Disallowance u/s 14A based on rule 8D and higher rate of depreciation (60%) allowed on UPS when it's not an integral part of computer for the Assessment Year 2008-09. The matter is pending before the Hon'ble High Court of Madras.

19. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Consideration of provision for standard assets and country risk in computing deduction u/s 36(1)(viia), Recomputation of disallowance u/s 14A by considering only those investments from which income has been received, Disallowance of contribution to staff welfare fund since the Fund is unrecognized and allowability of Double Income Tax Relief for Bangkok branch income - considering the DTAA agreement between India and Thailand for the Assessment Year 2008-09. The matter is pending before the Hon'ble High Court of Madras.

20. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Applicability of provisions of Section 115JA/115JB to banks or Computation of book profits based on P& L as per Companies Act or BR Act for the Assessment Year 1997-1998. The matter is pending before the Hon'ble High Court of Madras.

21. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Applicability of provisions of Section 115JA/115JB to banks or Computation of book profits based on P& L as per Companies Act or BR Act for the Assessment Year 1998-99. The matter is pending before the Hon'ble High Court of Madras.

22. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of levy of interest u/s 234D - 234D interest was introduced with effect from 1.06.2003. applicable from the date on which regular assessment order is passed for the Assessment Year 2002-03. The matter is pending before the Hon'ble High Court of Madras.

23. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of granting of interest u/s 244A for the Assessment Year 1989-90. The matter is pending before the Hon'ble High Court of Madras.

24. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Provision for Wage Arrears considered by Tribunal as an unascertained liability for the purpose of computation of book profits even though the liability has become

crystallized for the Assessment Year 1999-00. The matter is pending before the Hon'ble High Court of Madras.

25. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue as to whether Re-Assessment Proceedings is valid and deduction under section 80M for the Assessment Year 1990-91. The matter is pending before the Hon'ble High Court of Madras.

26. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue as to whether Re-Assessment Proceedings is valid and deduction under section 80M for the Assessment Year 1991-92. The matter is pending before the Hon'ble High Court of Madras.

27. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue as to whether Re-Assessment Proceedings is valid and deduction under section 80M for the Assessment Year 1992-93. The matter is pending before the Hon'ble High Court of Madras.

28. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue as to whether Re-Assessment Proceedings is valid for the Assessment Year 1993-94. The matter is pending before the Hon'ble High Court of Madras.

29. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue Claim u/s 36(1) (viia)- deduction restricted to the provision made in books and Provision for Standard Assets & Country risk not considered for claim u/s 36(1) (viia) for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

30. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of granting of interest u/s 244A for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

31. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Deduction u/s 36(1)(viia) on provision for standard assets & country risk and deduction claimed u/s 36(1)(viia) for Advances of Rural branches – whether the word "place" means "Panchayat" or "ward" as well as Validity of Reopening of assessment for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

32. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of granting of interest u/s 244A for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

33. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Definition of Rural branches for claim u/s 36(1)(viia) – whether the word "place" means "Panchayat" or "ward" and on provision for standard assets & country risk and Depreciation claimed by Bank at 80% for UPS considering the same as energy saving device and not at 60%, and DITR Relief u/s 90 for foreign income for the Assessment Year 2009-10. The matter is pending before the Hon'ble High Court of Madras.

34. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Deduction u/s 36(1)(viia) claimed by Bank on provision for standard assets & country risk and Deduction in respect of Contribution to Staff Welfare Fund disallowed since the Fund is unrecognized and Claim of depreciation of UPS at 80% and not at 60% for the Assessment Year 2009-10. The matter is pending before the Hon'ble High Court of Madras.

35. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Deduction u/s 36(1)(viia) claimed by Bank on provision for standard assets & country risk and Deduction in respect of Contribution to Staff Welfare Fund disallowed since the Fund is unrecognized and Depreciation claimed by Bank at 80% for UPS considering the same as part of computer and not as general plant and machinery(dep:15%) as well as Disallowance of Provision for wage arrears - wage arrears to be allowed in the year in which the liability is discharged by

paying the employees and DITR Relief u/s 90 for foreign income for the Assessment Year 2010-11. The matter is pending before the Hon'ble High Court of Madras.

36. The Bank has preferred an appeal against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Depreciation claimed by Bank at 80% for UPS considering the same as part of energy saving device for the Assessment Year 2010-11. The matter is pending before the Hon'ble High Court of Madras.

37. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal proceeding under Section 263, and on the issues of Consideration of provision for standard assets in computing deduction u/s 36(1)(viia) and restricting deduction u/s 36(1)(viia) to the extent of provision made in books for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

38. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal proceeding against the Department of Income Tax before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Deduction u/s 36(1)(viia) - Inclusion of doubtful assets of Bangkok branch also while calculating provision for bad and doubtful debts for the Assessment Year 2003-04. The matter is pending before the Hon'ble High Court of Madras.

39. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal proceeding under Section 263, and on the issue of Rural Bad Debts Write-off - not allowed since there was a debit balance in provision account computed u/s 36(1) (viia) for all advances and Depreciation claimed by Bank at 80% for UPS considering the same as energy saving device and not as an energy storing device for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

40. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal proceeding under Section 263, and on the issue of Allowability of Double Income Tax Relief for Bangkok branch income - considering the DTAA agreement between India and Thailand for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

41. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal proceeding under Section 263, and on the issue of allowability of DITR of foreign branches for the Assessment Year 1993-94. The matter is pending before the Hon'ble High Court of Madras.

42. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal proceeding under Section 263, and on the issue of allowability of DITR of foreign branches for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

C. Cases filed by the Bank before Income Tax Appellate Tribunal, Chennai ("ITAT"):

1. The Bank has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Definition of Rural branches for claim u/s 36(1)(viia) – whether the word "place" means "Panchayat" or "ward" and Exclusion of provision for Standard Assets and Country Risk in computing deduction u/s 36(1)(viia) and Disallowance u/s 14A based on rule 8D when the tax free income earned from tax free bonds was only incidental to the sale of securities which are held by the Bank as stock in trade, Disallowance of contribution to unrecognized staff welfare fund, Depreciation on UPS to be allowed at 80% and Double Income-tax Relief not allowed in respect of foreign branches based on the Double Tax Avoidance Agreements entered into with respective countries for the Assessment Year 2011-12. The matter is posted for Orders by the ITAT.

2. The Bank has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue validity of proceedings under Section 263 and of restriction of the deduction of provision made under section 36(1)(viia) only for Rural Advances for the Assessment Year 2010-11. The matter is posted for Orders by the ITAT.

3. The Bank has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Validity of Reopening of assessment, Applicability of provisions of section 115JB to Banks and allowability of following sums in computing book profits - Provision for bad and doubtful debts, frauds and diminution in the value of investments in computing the book profit Provision for standard assets Provision for wealth tax provision for severance pay Loss or depreciation whichever is lower for the Assessment Year 2000-01. The matter is posted on April 11, 2016 for hearing by the ITAT.

4. The Bank has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Depreciation on building which includes cost of land and allowability of bad debts written off in respect of rural branches disallowance u/s 14A when the tax free income earned from tax free bonds was only incidental to the sale of securities which are held by the Bank as stock in trade, applicability of the provisions of section 115JB to Banks and allowability of following sums in computing book profits: allowability of provision for bad debts, frauds and diminution in the value of investments, other assets and frauds in computing the book profit Provision for standard assets Provision for wealth tax Provision for severance pay Provision for IOB Research and Development Fund Provision for wage arrears Estimated expenses for earning tax free income Loss or depreciation whichever is lower for the Assessment Year 2003-04. The matter is posted on April 11, 2016 for hearing by the ITAT.

5. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Reopening of assessment – validity and provision for salary arrears to staff - allowed only in the year of actual payment for the Assessment Year 2005-06. The order by ITAT is received on January 19, 2016. The Bank intends to prefer an appeal to the High Court of Madras, the grounds of appeal is under preparation.

6. The Bharat Overseas Bank (now merged with the Bank) has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Reopening of assessment – validity Depreciation on UPS @ 80% and disallowance u/s 14A - when the tax free income earned from tax free bonds was only incidental to the sale of securities which are held by the Bank as stock in trade for the Assessment Year 2006-07. The Bank intends to prefer an appeal to the High Court of Madras, the grounds of appeal is under preparation.

7. The Bank has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Section 263 Proceedings for TDS - withdrawal of Interest granted u/s 244A on TDS amount since the delay in filing of TDS certificate was attributable to the assesse for the Assessment Year 2001-02, 2002-03, 2003-04, 2004-05. 2005-06, 2006-07, 2007-08. The matter is posted for Orders by ITAT.

D. Appeals before the Commissioner of Income Tax (Appeals) by the Bank:

1. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Wage Arrears to be allowed in the year of actual payment, Double Income-tax Relief not allowed in respect of foreign branches based on the Double Tax Avoidance Agreements entered into with respective countries, Applicability of Section 115JB to Banks, Interest u/s 244 A Short granted and Interest u/s 234 D Levied for the Assessment Year 2011-12. The CIT(Appeals) is yet to issue dates for the hearing The matter is pending.

2. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Double Income-tax Relief not allowed in respect of foreign branches based on the Double Tax Avoidance Agreements entered into with respective countries, Applicability of Section 115JB to Banks, Interest u/s 244 A Short granted and Interest u/s 234 D Levied for the Assessment Year 2010-11. The CIT(Appeals) is yet to issue dates for the hearing The matter is pending.

3. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Deduction u/s 36(1)(viia) in respect of Capital Gains and other sources, the disallowed the provision relating to non rural debts u/s 36(1)(viia) hence the entire amount of non-rural bad debts written off of ₹923,36,41,783/- ought to be allowed, MAT credit brought forward to set off to be allowed, having determined the tax payable under MAT in A.Y. 2010-11, Interest u/s 244 A Short granted and Interest u/s 234 D Levied for the Assessment Year 2011-12. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

4. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Depreciation on Land included in the cost of building, Depreciation on Assets taken over from Bank of Tamil Nadu, Disallowance u/s 14A. when the tax free income earned from tax free bonds was only incidental to the sale of securities which are held by the Bank as stock in trade, Contribution to unrecognized Staff Welfare Fund disallowed, overlooking the fact that the payment was consequent to a contractual obligation and that recognition of the fund is not the prescribed criteria and Loss on Revaluation of Investments the contracts have to be revalued as at the year-end and any loss arising thereon is debited

to profit and should be allowable being a business loss, Bad Debts recovered relating to rural branches disallowed, Loss on Revaluation of trading derivatives - disallowed considering the same as notional loss, Excess Depreciation on UPS, Depreciation on Goodwill arose when liabilities taken over from the acquired business were more than value of assets, DITR among other issues for the Assessment Year 2012-13. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

5. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Non allowance of deduction u/s 36(1) (vii)Bad Debts written off (Protective Assessment) on two incidences for the Assessment Year 2008-09. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

6. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Non allowance of deduction u/s 36(1) (vii), Bad Debts written off (Protective Assessment) on two incidences and Reversal of floating provision brought to tax - The provision was taxed in the year of creation and hence it cannot be again taxed among other issues for the Assessment Year 2009-10. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

E. Appeals before the Commissioner of Income Tax (Appeals) by the Bank with regard to Wealth Tax issues:

1. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Calculation of 'Debts owed' by the Bank in relation to the assets chargeable to net wealth - to include all debts incurred for acquiring, securing, and retaining the property free of any charge and Wealth Tax charged at 10% instead of WT rate of 1% for the Assessment Year 2007-08. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

2. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Calculation of 'Debts owed' by the Bank in relation to the assets chargeable to net wealth - to include all debts incurred for acquiring, securing, and retaining the property free of any charge for the Assessment Year 2008-09. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

3. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Calculation of 'Debts owed' by the Bank in relation to the assets chargeable to net wealth - to include all debts incurred for acquiring, securing, and retaining the property free of any charge and Valuation of land - value enhanced based on the valuation report in report in respect of the properties of land at Bangalore and Trichy for the Assessment Year 2009-10. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

4. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Calculation of 'Debts owed' by the Bank in relation to the assets chargeable to net wealth - to include all debts incurred for acquiring, securing, and retaining the property free of any charge and Valuation of land - value enhanced based on the valuation report in report in respect of the properties of land at Bangalore and Trichy for the Assessment Year 2010-11. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

5. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Calculation of 'Debts owed' by the Bank in relation to the assets chargeable to net wealth - to include all debts incurred for acquiring, securing, and retaining the property free of any charge and Valuation of land - value enhanced based on the valuation report in report in respect of the properties of land at Bangalore and Trichy for the Assessment Year 2011-12. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

6. The Bank has preferred an appeal before the Commissioner of Income Tax (Appeals) on the issues of Calculation of 'Debts owed' by the Bank in relation to the assets chargeable to net wealth - to include all debts incurred for acquiring, securing, and retaining the property free of any charge and Valuation of land - value enhanced based on the valuation report in report in respect of the properties of land at Bangalore and Trichy for the Assessment Year 2012-13. The CIT (Appeals) is yet to issue dates for the hearing. The matter is pending.

F. Tax Litigation Against Bank before the High Court of Madras:

1. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 17 of 2014 on the issue of Applicability of provisions of Section 115JB to banks for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

2. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 18 of 2014 on the issue of allowability of provision for leave encashment u/s 43B without actual payment and Higher rate of depreciation (60%) allowed on UPS when it's not an integral part of computer for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

3. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 253 of 2015 on the issue of Loss on revaluation of derivative contracts allowed as business loss even though the loss is a notional loss and as per Board instruction loss on derivative contracts are to be considered as speculative business loss, allowability of transitional Liability as per AS 15 for employee benefits such as leave travel settlement/medical benefit - As per Revenue the same is pertaining to earlier years and cannot be allowed and Taxability of debenture redemption reserve of Bharat Overseas Bank Ltd credited to P & L a/c - even though the same is a prior period liability and there is no provision in the Act to allow deduction in the hands of the purchasing company on account of transfer of reserve created by erstwhile company and also on the issue of higher rate of depreciation (60% instead of 15%) allowed on UPS when it is not an integral part of computer for the Assessment Year 2008-09. The matter is pending before the Hon'ble High Court of Madras.

4. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 18 of 2014 on the issue of allowability of provision for leave encashment u/s 43B without actual payment and Higher rate of depreciation (60%) allowed on UPS when it's not an integral part of computer for the Assessment Year 2008-09. The matter is pending before the Hon'ble High Court of Madras.

5. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 151 of 2014 on the issue of Applicability of Section 115JB to Banks for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

6. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 152 of 2014 on the issue of Applicability of Section 115JB to Banks for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

7. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 80 of 2016 on the issue as to Whether Tribunal was right in deleting the additions made on Interest on securities and Loss on revaluation claimed on securities held as trading assets for the Assessment Year 1990-91. The matter is pending before the Hon'ble High Court of Madras.

8. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 81 of 2016 on the issue as to Whether Tribunal was right in deleting the additions made on Interest on securities and Loss on revaluation claimed on securities held as trading assets for the Assessment Year 1991-92. The matter is pending before the Hon'ble High Court of Madras.

9. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 906 of 2015 on the issue as to Whether Tribunal was right in deleting the additions made on Interest on securities and Loss on revaluation of securities - different treatment in books (cost) and as per income tax (cost or market price whichever is lower) for the Assessment Year 1992-93. The matter is pending before the Hon'ble High Court of Madras.

10. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 907 of 2015 on the issue as to Whether Tribunal was right in deleting the additions made on Interest on securities and Loss on revaluation of securities - different treatment in books (cost) and as per income tax (cost or market price whichever is lower) for the Assessment Year 1993-94. The matter is pending before the Hon'ble High Court of Madras.

11. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 428 of 2015 on the issue of Taxability of Unreconciled entries in Inter-branch transactions credited to P&L and Applicability of Section 115JB to Banks for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

12. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 429 of 2015 on the issue Claim u/s 36(1)(viia)- aggregate advances at the end of each month and not the incremental advances, for calculation of Average Rural advances and Claim u/s 36(1)(viia)- whether total income should include income of merged entity of Bharat Overseas Bank Ltd. as the income of Bharat Overseas Bank has already enjoyed the benefit of deduction u/s 36(1)(viia) once for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

13. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 427 of 2015 on the issue of Applicability of provisions of Section 14A on securities held as stock in trade for the Assessment Year 2010-11. The matter is pending before the Hon'ble High Court of Madras.

14. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 430 of 2015 on the issue of Claim u/s 36(1)(viia)- aggregate advances at the end of each month and not the incremental advances, for calculation of Average Rural advances, Claim u/s 36(1)(viia)- whether total income should include income of merged entity of Bharat Overseas Bank Ltd. as the income of BhOB has already enjoyed the benefit of deduction u/s 36(1)(viia) once, Loss on revaluation of derivative contracts allowed as business loss even though the loss is a notional loss and as per Board instruction loss on derivative contracts are to be considered as speculative business loss, Depreciation claimed by Bank at 80% for UPS considering the same as energy saving device and not as an energy storing device (dep:15%), allowability of provision for leave encashment u/s 43B without actual payment and Applicability of Section 115JB to Banks for the Assessment Year 2010-11. The matter is pending before the Hon'ble High Court of Madras.

15. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 64/Mds/2013 on the issue of penalty u/s 271(1) for DTA relief claimed of Hong Kong branch income for the Assessment Year 2006-07. The matter is pending before the Hon'ble High Court of Madras.

16. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 65/Mds/2013 on the issue of penalty u/s 271(1) for DTA relief claimed of Hong Kong branch income for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

17. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 64/Mds/2013 on the issue of Whether the Tribunal was right in holding that the order passed u/s 263 was barred by limitation for the Assessment Year 2004-05. The matter is pending before the Hon'ble High Court of Madras.

18. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal on the issue of Provision made for Contribution to Pension Fund charged as FBT for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

19. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 953/Mds/2008 on the issue of whether non-rural debts actually written off are not affected by proviso to section 36(1)(vii) and whether the Bangkok branch income can be excluded without considering the DTAA provisions with Thailand for the Assessment Year 2003-04. The matter is pending before the Hon'ble High Court of Madras.

20. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 275/Mds/2015 on the issue of whether ITAT was correct in quashing reassessment considering it as based on a "change of opinion for the Assessment Year 2002-03. The matter is pending before the Hon'ble High Court of Madras.

21. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 276/Mds/2015 on the issue of Depreciation claimed by Bank at 80% for UPS considering the same as energy saving device and not as an energy storing device (dep:15%) for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

22. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 277/Mds/2015 on the issue of whether ITAT was correct in quashing reassessment considering it as based on a "change of opinion for the Assessment Year 2002-03. The matter is pending before the Hon'ble High Court of Madras.

23. The Department of Income Tax has preferred an appeal against the Bank before the Hon'ble High Court of Madras vide Tax Case Appeal No. 278/Mds/2015 on the issue 36(1)(vii) deduction claimed by Bank in respect of Non rural Bad debts written off and Loss on revaluation of investments claimed on HTM securities which are of long term nature for the Assessment Year 2007-08. The matter is pending before the Hon'ble High Court of Madras.

G. Cases against the Bank before the Income Tax Appellate Tribunal:

1. The Department of Income Tax has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Deduction u/s 36(1)(viia) to be based on incremental advances granted during each month and not on the aggregate average outstanding at the end of each month, Disallowance of interest expenses in computing disallowance as per rule 8D, Loss on revaluation of investments is not an ascertained liability and hence not, Loss on revaluation of derivative contracts, Addition towards bad debts recovered, Depreciation on UPS allowed at 60% - to be allowed at 80%, allowability of provision for leave encashment, applicability of the provisions of section 115JB to the respondent and Various additions in computing the book profits for the Assessment Year 2011-12. The matter is posted for Orders by the ITAT.

2. The Department of Income Tax has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Section 263 Proceedings - validity of the same and restriction of the deduction of provision made under section 36(1)(viia) only for Rural Advances for the Assessment Year 2011-12. The matter is posted for Orders by the ITAT.

3. The Department of Income Tax has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Levy of interest u/s 234D and allowability of amounts actually written off in computing book profits for the Assessment Year 2000-01. The matter is posted for Orders by the ITAT.

4. The Department of Income Tax has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Depreciation on assets taken over from Bank of Tamilnadu, Rebated Interest, Bad debts written off, allowability of amounts actually written off in computing book profits, Contribution to staff welfare fund - disallowed since the fund is unrecognized, DITR in respect of foreign branches and as well as Levy of interest u/s 234D for the Assessment Year 2003-04. The matter is pending.

5. The Department of Income Tax has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Interest Tax for the Assessment Year 1999-00. The matter is pending.

6. The Department of Income Tax has preferred an appeal against the Department of Income Tax before the ITAT vide Tax Case Appeal on the issue of Interest Tax for the Assessment Year 2000-01. The matter is pending.

7. The Department of Income Tax had preferred an appeal against the Bank before the ITAT vide Tax Case Appeal on the issue of Loss on sale of investments held as stock in trade (HTM category) considered as revenue expenditure of Bank instead of Capital loss, Brokerage paid towards investments held as stock in trade considered as revenue expenditure of Bank instead of Capital expenditure, Applicability of 115JB to Banks for the Assessment Year 2005-06. The matter is pending.

8. The Department of Income Tax has preferred an appeal against the Bank before the ITAT vide Tax Case Appeal on the issue of Depreciation on UPS allowed at 60% instead of 15% and Applicability of 115JB to Banks for the Assessment Year 2006-07. The matter is pending.

III. CASES FOR AND AGAINST OUR DIRECTORS:

Presently there are no cases by our Directors or against them.

IV. CRIMINAL COMPLAINTS INITIATED BY THE BANK AGAINST FRAUDS

Frauds have been conducted by borrowers as well as by bank employees against the Bank. Whenever there is any fraud detected by the Bank, the Bank makes a complaint to the Police Department or CBI who conducts investigation and based on such investigation, a charge sheet is filed and criminal proceedings are initiated against the person against whom such complaint is filed by the Bank. However, though these are instances of criminal fraud against the Bank, these are not litigations in which the Bank is involved as the parties to the criminal proceedings are eventually the Union of India/CBI /or any other prosecuting authority and the accused. The following are the details of the complaints by the Bank regarding fraud against its customers and staff members where the value of the fraud is less than 3 crore:

A. Details of complaints made by the Bank against Customers for fraud:

Year	Number of Complaints	Amount involved (in lacs)
2011-12	120	51,888.07
2012-13	122	49,593.53
2013-14	124	22,252.55
2014-15	141	56,842.06
2015-16	76	56,055.77

B. Details of complaints made by the Bank against the Staff Members for fraud:

Year	Number of Complaints	Amount involved (in lacs)
2011-12	14	14.94
2012-13	11	84.00
2013-14	29	26,230.34
2014-15	23	606.29
2015-16	15	1953.10

Whenever there is any fraud of over and above ₹3 crore detected by the Bank, the Bank makes a complaint to the Central Bureau of Investigation ("CBI"), and on receipt of such complaint the CBI conducts investigation and based on such investigation criminal proceedings are initiated against the person against whom such complaint is filed by the Bank. The following are the details of the complaints of fraud filed by the Bank with CBI:

C. Details of complaints filed by the Bank with CBI

3 crore to 10 crore		10 to 50 crore		50 crore to 100 crore		Above 100 crore	
No of cases	Amount in crore	No of cases	Amount in crore	No of cases	Amount in crore	No of cases	Amount in crore
23	134.13	19	396.22	8	507.26	6	1258.86

V. ENVIRONMENTAL CASES:

Presently there are no environmental cases by or against us.

VI. ACCOUNTS REFERRED TO BIFR/AAIFR

Several of our accounts have been referred to BIFR and CDR. Though these are not litigations, we have provided data for the same as these restructuring accounts are pending before tribunals for resolution:

Presently we have 54 accounts outstanding as on December 31, 2015 which have been referred to the Board of Industrial and Financial Reconstruction (or are in appeal with AAIFR). The cumulative amounts under these loan accounts is ₹2,708.24crore.

VII. ACCOUNTS REFERRED TO CDR MECHANISM

Presently 80 accounts have been referred to CDR as of December 31, 2015. The cumulative amounts under these loan accounts is ₹10,862.86 crore

VIII. Other Penalties

Financial Implementation Unit/RBI

IX. Other Proceedings

The Customer Service Department deals with complaints / representations received directly from the customers and also through Ministry of Finance (MOF), Reserve Bank of India, Directorate of Public Grievances (DPG), Banking Ombudsman etc. As on December 31, 2015, 944 complaints were received and resolved at the Central Office and 130 complaints were received and resolved at Regional Offices and no complaints are pending resolution beyond three months. From January 1, 2016 up to date, approximately 4,954 complaints are received at the Central Office and approximately 1325complaints are received at the Regional Office.

Material developments

There have been no material developments since the date of our last balance sheet.

STATUTORY AUDITORS

The present statutory auditor of our Bank, being M/s Vardhman & Co. , M/s ASA & Associates, M/s A. V. Deven & Co., M/s Haribhakti & Co., LL. P,M/s. Talati & Talati. Further, the standalone financial statements as of and for the years ended March 31, 2015, has been audited byM/s. P.R.Mehra & Co, M/s. Dass Khanna & Co,M/s. Vardhaman & Co, M/s. ASA & Associates LLP,M/s. A V Deven & Co,for year ended March 31, 2014has been audited by Badari Madhusudhan & Srinivasan, B. Thiagarajan & Co., Sankar & Moorthy, P R Mehra & Co, Dass Khanna & Co., and for year ended March 31,2013has been audited byS. R. Mohan & Co., Badari, Madusudhan & Srinivasan, Thiagarajan & Co., Sankar & Moorthy, P R Mehra & Co,. Dass Khanna & Co, whose audit reports are included in this Placement Document.

The standalone financial results of the Bank as of and for the nine months ended December 31, 2015, included in this Placement Document have been reviewed by M/s Vardhman & Co. , M/s ASA & Associates, M/s A. V. Deven & Co., M/s Haribhakti & Co., LL. P, M/s. Talati & Talati.

GENERAL INFORMATION

- Our Bank was incorporated on November 20, 1936 under Indian Companies Act, 1913 and was nationalized on July 19, 1969 under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970) Shri M.Ct.M. Chidambaram Chettiar, was the founder of our Bank.

- Our Equity Shares were listed on the BSE and on the NSE on November 2000.

- The Issue was authorized and approved by the Board of Directors on May 8, 2015 and approved by the shareholders at an annual general meeting held on June 30, 2015.

- We have received in-principle approval to list the Equity Shares to be issued pursuant to the Issue, on the BSE and the NSE on May 17, 2016.

- We have obtained all consents, approvals and authorizations required in connection with this Issue including RBI recommendation dated January 25, 2016 and GoI Letter dated February 12, 2016 and RBI letter dated May 2, 2016 in respect of offering our equity share to foreign investors, SEBI's letter dated February 16, 2016

- There has been no material change in our financial or trading position since December 31, 2015, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Placement Document, except as disclosed herein.

- The Bank's statutory auditors are M/s Vardhman & Co., M/s ASA & Associates, M/s A. V. Deven & Co., M/s Haribhakti & Co., LL. P, M/s. Talati & Talati. The standalone financial statements as of and for the years ended March 31, 2015, has been audited by M/s. P.R.Mehra & Co,M/s. Dass Khanna & Co, M/s. Vardhaman & Co, M/s. ASA & Associates LLP,M/s. A V Deven & Co,for year ended March 31, 2014has been audited by . Badari Madhusudhan & Srinivasan,B. Thiagarajan & Co. Sankar & Moorthy, P R Mehra & Co, Dass Khanna & Co., andfor year ended March 31,2013has been audited byS. R. Mohan & Co., Badari, Madusudhan & Srinivasan, Thiagarajan & Co., Sankar & Moorthy,P R Mehra & Co,. Dass Khanna & CoChartered Accountants, who were the statutory auditors of the Bankfor respective financial years.

- Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.

- The Bank has received an exemption from SEBI in respect of compliance with minimum public shareholding for present issue vide their letter dated February 16, 2016.

- The Floor Price is ₹30.05 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI Regulations, as certified by A.V. Deven & Co., Chartered Accountants. The Bank may offer a discount of not more than 5.00% on the Floor Price in terms of Regulation 85 of the SEBI Regulations.

FINANCIAL STATEMENTS

AUDITORS' CERTIFICATE
ON CORPORATE GOVERNANCE

To

The Shareholders of
Indian Overseas Bank
Chennai

We have examined the compliance of conditions of Corporate Governance by Indian Overseas Bank, Chennai for the year ended 31.03.2013, as stipulated in Clause 49 of the Listing Agreement of Indian Overseas Bank with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by Indian Overseas Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of Indian Overseas Bank.

On the basis of records and documents maintained by the Bank, the information provided to us and according to the explanation given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per the records maintained by the Registrar and Share Transfer Agent.

We further state that such compliance is neither an assurance as to the future viability of the bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For S.R.Mohan & CO
Chartered Accountants
FRN 002111S

(G.JAGADESWARA RAO)
Partner
M.No. 021361

For Badari, Madhusudhan & Srinivasan
Chartered Accountants
FRN 005389S

(N.K.MADHUSUDHAN)
Partner
M.No. 020378

For B.Thiagarajan & CO
Chartered Accountants
FRN 004371S

(B. THIAGARAJAN)
Partner
M.No. 018270

For Sankar & Moorthy
Chartered Accountants
FRN 003575S

(A.MONY)
Partner
M.No. 028519

For P.R.Mehra & CO
Chartered Accountants
FRN 000051N

(ASHOK MALHOTRA)
Partner
M.No. 082648

For Dass Khanna & CO
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No. 083142

Place: Chennai
Date: 29.04.2013

BALANCE SHEET AS AT 31.03.2013

(₹. in lacs)

	31.03.2013	31.03.2012
CAPITAL & LIABILITES		
Capital	924 10	797 00
	924 10	**797 00**
Reserves & Surplus		
Statutory Reserves	2911 62	2769 72
Capital Reserve	2210 42	2149 08
Share Premium	3558 34	2685 43
Revenue and Other Reserves	3852 89	3526 42
Balance in Profit & Loss A/c		
	12533 26	**11130 65**
Deposits		
Demand Deposits	13207 55	12287 30
Savings Bank Deposits	40378 95	34861 99
Term Deposits	148548 85	131284 89
	202135 35	**178434 18**
Borrowings		
Borrowings in India		
(a) from Reserve Bank of India	1400 00	6500 00
(b) from other Banks	2596 44	1285 44
(c) from other institutions and agencies	6802 30	6802 30
Borrowings outside India	12524 12	9026 11
	23322 86	**23613 85**
Other Liabilities & Provisions		
Bills Payable	594 81	705 36
Inter-Office adjustments (net)	528 44	
Interest accrued	543 43	459 05
Provisions towards Standard Assets	92 86	675 89
Deferred Tax Liability (net)	231 25	627 86
Others	3749 67	3193 29
	5740 47	**5661 45**
Total Capital and Liabilities	**244656 03**	**219637 13**
Contingent Liabilities		
Claims against the bank not acknowledged as debts	41 96	43 10
Liability on account of outstanding forward exchange contracts	24178 58	21116 74
Guarantees given on behalf of constitutents	18391 10	14794 55
Acceptances, endorsements and other obligations	18255 47	16590 60
Other items for which the bank is contingently liable	10134 10	6647 55
	71001 21	**59192 54**
Bills for Collection	**12645 16**	**8336 52**

VIDE OUR REPORT OF EVEN DATE

M. NARENDRA
CHAIRMAN & MANAGING DIRECTOR

A.K. BANSAL
EXECUTIVE DIRECTOR

A.D.M. CHAVALI
EXECUTIVE DIRECTOR

DIRECTORS
S.V. Raghavan
Sridhar L. Lakhotia
Niranjan Kumar Agarwal
Ajit Vasant Sardesai

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FRN 000402N
RAKESH SONI
Partner
M.No.083142

CHENNAI
29.04.2013

CHARTERED ACCOUNTANTS

ABRIDGED FINANCIAL STATEMENTS

(₹. in lacs)

	31.03.2013	31.03.2012
ASSETS		
Cash and balance with Reserve Bank of India	9837 82	10198 91
	9837 82	**10198 91**
Balances with banks and money at call and short notice		
Balances with banks in India	354 72	1406 06
Money at call and short notice in India	3709 40	3235 00
Balances outside India	1356 48	1421 12
	5420 59	**6062 19**
INVESTMENTS		
In India		
(a) Government Securities	54261 39	49962 23
(b) Other approved securities	62 28	65 68
(c) Shares	900 66	789 89
(d) Debentures and Bonds	2441 50	2253 84
(e) Subsidiaries and/ or Joint Ventures		
(f) Others	1958 80	1301 72
	59624 64	**54373 36**
Outside India	1792 71	1192 52
	1792 71	**1192 52**
	61417 35	**55565 88**
ADVANCES		
In India		
(a) Bills Purchased and discounted	1751 93	1722 65
(b) Cash Credits, Overdrafts and loans repayable on demand	68497 93	65856 83
(c) Term Loans	71052 20	57484 77
	141302 06	**125064 25**
Outside India	19062 06	15660 18
	160364 12	**140724 43**
FIXED ASSETS	1847 04	1744 05
	1847 04	**1744 05**
Other Assets		
Inter-Office adjustments (net)		126 58
Interest accrued	2334 97	1994 47
Tax paid in advance/ deducted at source	1770 73	1771 03
Deferred Tax Asset (net)		
Non-banking assets acquired in satisfaction of claims	211 55	211 55
Others	1451 85	1238 04
	5769 11	**5341 67**
Total Assets	**244656 03**	**219637 13**

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CHENNAI
29.04.2013

CHARTERED ACCOUNTANTS

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2013

(₹. in lacs)

	31.03.2013	31.03.2012
INCOME		
Interest Earned		
On advances/ bills	15909 43	13581 89
On Investments	4372 29	3941 36
On balances with RBI and inter bank funds	286 94	322 54
Others	108 06	43 32
	20676 72	**17889 11**
Other Income		
Commission exchange and brokerage	895 33	899 88
Net profit on sale of Investments	243 07	136 40
Net Profit on sale of land, buildings and other assets	1 62	2 50
Net Profit on exchange transactions	288 23	224 59
Income by way of dividends, etc from Subsidiaries / Companies and/ or joint ventures abroad / in India		
Miscellaneous Income	544 66	417 67
	1972 91	**1681 04**
Total Income	**22649 63**	**19570 15**
EXPENDITURE		
Interest Expended		
On deposits	13872 98	11234 34
On RBI/ inter-bank borrowings	1551 72	1638 50
Others	8	10
	15424 78	**12872 94**
Operating expenses		
Payments to and provisions for employees	2248 35	2082 98
Rent, taxes and lighting	307 84	301 05
Printing and Stationery	23 62	19 45
Advertisement and publicity	29 83	38 87
Depreciation on Bank's property	126 59	111 06
Director's fees, allowances and expenses	1 46	1 40
Auditor's fee and expenses including branch auditors	23 24	24 97
Law Charges	5 79	3 55
Postage, telegrams, telephones etc.,	45 30	37 82
Repairs and maintenance	11 34	10 41
Insurance	190 37	163 32
Others	394 11	368 19
	3407 84	**3163 07**

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29.04.2013

CHARTERED ACCOUNTANTS

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2013

(₹. in lacs)

	31.03.2013	31.03.2012
Provisions and Contingencies		
Provisions for depreciation on investment	175 10	171 62
Provision towards non performing assets	2198 82	1470 16
Provision towards standard assets	259 18	237 09
Others (excluding income taxes)	436 43	357 58
	3069 53	**2236 44**
Total Expenses and Provisions	**21902 15**	**18272 45**
Profit/ (loss) before tax	**747 48**	**1297 71**
Current Tax	579 58	-82 58
Deferred Tax	-399 33	330 16
Profit/ (loss) after tax	**567 23**	**1050 13**
Profit/ (loss) brought forward		
Total	**567 23**	**1050 13**
Appropriations		
Transfer to Statutory Reserve	141 90	316 00
Transfer to Other Reserves	210 53	317 30
Transfer to Government proposed dividend	214 80	416 83
Balance Carried forward to Balance Sheet		
	567 23	**1050 13**

VIDE OUR REPORT OF EVEN DATE

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CHENNAI
29.04.2013

CHARTERED ACCOUNTANTS

Schedule 18

NOTES ON ACCOUNTS

1. Reconciliation

Reconciliation of Inter Bank and Inter Branch transactions has been completed up to 31.3.2013 and steps for elimination of outstanding entries are in progress. The management does not anticipate any material consequential effect on reconciliation / elimination of outstanding entries.

2. Investments

2.1 In accordance with the Reserve Bank of India (RBI) guidelines, the Investments Portfolio of the Bank (domestic) has been classified into three categories, as given below: -

Category	Gross Book Value (₹ in Crore)		Percentage to Total Investments	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
Held to Maturity	44504.46	38912.48	73.93	71.09
Available for Sale	15389.06	15817.70	25.57	28.90
Held for Trading	301.33	5.95	0.50	0.01

2.2 SLR Securities under "Held to Maturity" accounted for 22.92% (previous year 22.54%) of Bank's Demand and Time liabilities as at the end of March 2013, as against the ceiling of 25% stipulated by RBI.

2.3 In respect of Held to Maturity category of Investments, premium of ₹.57.52 crore was amortised during the year (Previous year ₹.52.53 crore).

2.4 Securities of face value for ₹.450 crore (previous year Rs.300 crore) towards Settlement Guarantee Fund and securities for ₹.8455 crore (previous year ₹.8455 crore) towards collateral for borrowing under Collateralised Borrowing and Lending Obligations have been kept with Clearing Corporation of India Limited. We have placed securities of face value ₹.3700 crore with RBI for intraday borrowing. We have also placed securities to the extent of ₹.11050 crore with RBI for our borrowing under the LAF window. Besides, a sum of ₹.15 crore (previous year ₹.10 crore) have been lodged with NSCCL towards Currency Derivatives Segment and ₹.15 crore (previous year ₹.10 crore) with CCIL towards Default Fund for forex operations.

2.5 Shares under Investments in India in Regional Rural Banks is ₹.222.04 crore (Previous year ₹.36.24 crore) includes amount towards share capital Deposits and ₹.184.75 crore towards Application money pending allotment of shares.

2.6 The Bank sold Government Securities from HTM category during the year, both outright and under RBI's Open Market Operations(OMO). The total notified amount of buy back was ₹.138000 crore. The extent of sale by the Bank was ₹.4430 crore, book value (BV) and earned a profit of ₹.34.55 crore. The Bank has also sold Government Securities (other than OMO), to the extent of ₹.1875 crore (BV) (within 5%, prescribed limit of RBI) and booked a profit of ₹.71.10 crore.

3. Advances

3.1 The Classification for advances and provisions for possible loss has been made as per prudential norms issued by Reserve Bank of India.

3.2 Claims pending settlement and claims yet to be lodged with Guarantee Institutions identified by the branches have been considered for provisioning requirements on the basis that such claims are valid and recoverable.

3.3 In assessing the realisability of certain advances, the estimated value of security, Central Government guarantees etc. have been considered for the purpose of asset classification and income recognition.

3.4 The classification of advances, as certified by the Branch Managers have been incorporated, in respect of unaudited branches.

3.5 In compliance with RBI guidelines, Bank maintained a Counter Cyclical Provisioning Buffer of ₹.811.06 crore as at 31.3.2013.

3.6 During the financial year full provision of ₹.227.47 crore computed at branch level as per IRAC norms, on secured portion of certain advances under doubtful category amounting to ₹.1938.76 crore has been set off for partial write-off of these advances at Central Office, The total outstanding of these advances is ₹.2520.77 crore out of which the amount written off is ₹.871.15 crore.

4. Fixed Assets

4.1 During the year 2008-09, certain land and buildings in India, were revalued through approved valuers and ₹.1123.55 crore added to the carrying value of assets on account of such revaluation.

4.2 Profit on Sale of Assets for ₹.0.82 crore (previous year ₹.1.18 crore), has been appropriated to Capital Reserve.

5. Rupee Interest Rate Swap

An amount of ₹.3.83 crore (previous year ₹.5.92 crore) is held kept on deferred income on account of gains on termination of Rupee Interest Rate Swaps taken for hedging and would be recognized over the remaining contractual life of swap or life of the assets/liabilities, whichever is earlier.

6. Capital and Reserves:

6.1 During the financial year, in March 2013, Bank raised equity share capital of ₹.999.99 crore (previous year ₹.1743.63 crore) including share premium of ₹.872.90 crore (previous year ₹.1565.38 crore) by way of preferential allotment of 12,70,97,102 equity shares to Government of India (previous year 14,73,11,388 equity shares to Government of India and 3,09,37,467 equity shares to LIC and its various schemes aggregating to 17,82,48,855 equity shares) at a premium of ₹.68.68 per equity share (previous year ₹.87.82 per equity share). Pursuant to the above the shareholding of the Government of India has increased from 69.62% to 73.80%.

6.2 The Bank has not raised Tier II capital during the current year or in the previous year.

7. Taxes

7.1 Taking into consideration the decisions of Appellate Authorities, judicial pronouncements and the opinion of tax experts, no provision is considered necessary in respect of disputed and other demands of income tax aggregating ₹.1208.42 crore (previous year ₹.592.32 crore).

7.2 Tax expense for the year is ₹.180.25 crore (Previous year ₹.247.58 crore).

8. Unamortised Pension and Gratuity Liability

On the reopening of pension to employees of Public Sector Banks and enhancement of Gratuity limits, the Bank incurred a liability of ₹.1005.21 crore in 2010-11. In terms of requirement of Accounting Standard (AS 15) Employee Benefits, the entire amount of ₹.1005.21 crore is required to be charged to Profit and Loss Account.

In terms of Reserve Bank of India circular No.DBOD.BP.BC.80/ 21.04.018/2010-11, on Reopening of Pension Option to employees of Public Sector Banks and enhancement in Gratuity limits – Prudential Regulatory Treatment, dated 09.02.2011, Bank would amortise the amount of ₹.1005.21 crore over a period of 5 years from 31.3.2011. Accordingly, ₹.201.04 crore (previous year ₹.201.04 crore) has been charged to Profit and Loss Account for the year 2012-13 and the balance amount of ₹.402.09 crore has been carried over. Had the RBI not issued such a circular, the Revenue Reserves of the Bank would have been lower by ₹.402.09 crore pursuant to application of the requirements of AS-15.

9. Information relating to vendors registered under Micro, Small and Medium Enterprises Development Act, 2006 and from whom goods and services have been procured by the Bank, is being ascertained.

ADDITIONAL DISCLOSURES

In accordance with the guidelines issued by Reserve Bank of India vide Master Circular dated 2.7.2012, the following additional disclosures are made:-

10. Capital:

(₹. in Crore)

S.No.	Particulars	2012-13		2011-12	
		Basel I	Basel II	Basel I	Basel II
i)	CRAR (%)	10.74%	11.85%	11.95%	13.32%
ii)	CRAR - Tier I Capital (%)	7.07%	7.80%	7.49%	8.35%
iii)	CRAR - Tier II Capital (%)	3.67%	4.05%	4.46%	4.97%
iv)	Percentage of the shareholding of the Government of India in nationalized banks	73.80%*		69.62%*	
v)	Amount of subordinated debt raised as Tier-II capital	Nil		Nil	
vi)	Amount raised by issue of IPDI	Nil		Nil	
vii)	Amount raised by issue of Upper Tier II instruments	Nil		Nil	

* Due to issuance of 12,70,97,102 equity shares (previous year 14,73,11,388 equity shares) during March 2013 (previous year during March 2012) to Government of India on preferential allotment.

11. Investments

11.1 Value of Investments

(₹. in Crore)

Particulars	31.3.2013	31.3.2012
(i) Gross Value of Investments		
(a) In India	60194.85	54736.13
(b) Outside India	1795.14	1193.70
(ii) Provisions for Depreciation		
(a) In India	570.22	362.78
(b) Outside India	58.69	1.18
(iii) Net value of Investments		
(a) In India	59624.63	54373.35
(b) Outside India	1736.45	1192.52

11.2 Movement of Provisions held towards depreciation on Investments

(₹. in Crore)

		2012-13	2011-12
(i)	Opening Balance	363.96	225.15
(ii)	Add: Provisions made during the year	408.67	189.84
(iii)	Less: Write -off/Write -back of excess provisions during the year	143.72	51.03
(iv)	Closing Balance	628.91	363.96

11.3 Repo transactions (in face value terms)

(₹. in Crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year		Outstanding as on March 31	
	12-13	11-12	12-13	11-12	12-13	11-12	2013	2012
Securities sold under Repo								
i. Government securities	4.85	19.86	4.85	773.89	0.01	8.36	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Securities Purchased under reverse Repo								
i. Government securities	5.08	4.93	1698.78	537.16	179.26	15.60	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

11.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments

(₹. In Crore)

No	Issuer	Amount	Extent of Private Placement	Extent of below investment grade securities	Extent of 'Unrated' securities	Extent of 'Unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	724.64	598.53	0.00	0.00	5.82
(ii)	FIs	1030.43	1003.62	0.00	0.00	11.52
(iii)	Banks	1480.54	1404.91	0.00	0.00	0.00
(iv)	Private Corporates	1599.95	1334.80	0.00	227.96	226.88
(v)	Subsidiaries / Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others	465.42	352.24	0.00	323.48	0.00
(vii)	Provision held towards depreciation	570.05	**XXX**	**XXX**	**XXX**	**XXX**
	Total	**5871.03**	**4694.10**	**-**	**551.44**	**244.22**

11.5 Non Performing Non SLR Investments (₹. In Crore)

Particulars	Amount
Opening Balance as on 1st April 2012	109.03
Additions during the year since 1st April	25.84
Reductions during the above period	77.27
Closing Balance as on 31st March 2013	57.60
Total Provisions held	17.34

11.6 Sale and Transfers to/from HTM Category (₹. in Crore)

Particulars	Amount
Market Value of the investments held in the HTM Category	NIL
Excess of book value over market value for which provision is not made.	Not Applicable

12. DERIVATIVES

12.1 Forward Rate Agreement / Interest Rate Swap (₹. In Crore)

PARTICULARS	2012-13			2011-12		
	Rupee Exposure	FX Exposure	Total	Rupee Exposure	FX Exposure	Total
i) The national principal of swap agreements	998.00	5769.68	6767.68	1073.00	2902.44	3975.44
ii) Losses which would be incurred if counter-parties failed to fulfil their obligations under the agreements	0.59	246.17	246.76	2.31	160.64	162.95
iii) Collateral required by the bank upon entering into swaps	Nil	Nil	Nil	Nil	Nil	Nil
iv) Concentration of credit risk arising from the swaps	Nil	Nil	Nil	Nil	Nil	Nil
v) The fair value of the swap book	-7.49	246.17	238.68	-16.62	-160.01	-176.63

12.2 Exchange Traded Interest Rate Derivatives (₹. in Crore)

S. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2013	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil

12.3 DISCLOSURES ON RISK EXPOSURE IN DERIVATIVES

12.3.1 Qualitative Disclosure

Treasury (Foreign)

The Bank uses Interest Rate Swaps (IRS), Currency Swaps and Options for hedging purpose to mitigate interest rate risk and currency risk in banking book. The Bank also offers these products to corporate clients to enable them to manage their own currency and interest rate risk. Such transactions are entered only with Clients and Banks having agreements in place.

a) The Risk Management Policy of the Bank allows using of derivative products to hedge the risk in Interest/ Exchange rates that arise on account of overseas borrowing/ FCNR(B) portfolio/ the asset liability mis-match, for funding overseas branches etc., and also to offer derivative products on back- to- back basis to customers.

b) The Bank has a system of evaluating the derivatives exposures separately and placing appropriate credit lines for execution of derivative transactions duly reckoning the Net Worth and security backing of individual clients.

c) The Bank has set in place appropriate control systems to assess the risks associated in using derivatives as hedge instruments and proper risk reporting systems are in place to monitor all aspects relating to derivative transactions. The Derivative transactions were undertaken only with banks and counterparties well within their respective exposure limit approved by appropriate credit sanctioning authorities for each counter party.

d) The Bank has set necessary limits in place for using derivatives and its position is continuously monitored.

e) The Bank has a system of continuous monitoring and appraisal of resultant exposures across the administrative hierarchy for initiation of necessary follow up actions.

f) Derivatives are used by the Bank to hedge the Bank's Balance sheet and offered to select corporate clients on back-to-back basis. In respect of hedge transactions the value and maturity of hedges has not exceeded that of the underlying exposure. In respect of back-to-back transactions the transactions with clients are fully matched with counter party Bank transactions and there is no uncovered exposure.

g) The income from such derivatives are amortized and taken to Profit and Loss Account on accrual basis over the life of the contract. In case of early termination of swaps undertaken for Balance Sheet management, income on account of such gains would be recognized over the remaining contractual life of the swap or life of the assets/liabilities whichever is lower. In case of early termination of derivatives undertaken for customers on a back- to- back basis, income on account of such things will be recognized on termination.

h) All the hedge transactions are accounted on accrual basis. Valuations of the outstanding contracts are done on Mark to Market basis. The Bank has duly approved Risk Management and Accounting procedures for dealing in Derivatives.

i) The derivative transactions are conducted in accordance with the extant guidelines of Reserve Bank of India.

Treasury (Domestic)

The Bank uses Rupee Interest Rate Swaps (IRS) for hedging purpose to mitigate interest rate risk in Govt. Securities and to reduce the cost of Subordinated Debt and term deposits. In addition, the Bank also enters into rupee interest rate swaps for trading purposes as per the policy duly approved by the Board. Swap transactions are entered only with Banks having ISDA agreements in place.

a) The Bank has put in place an appropriate structure and organization for management of risk, which includes treasury department, Asset Liability Management Committee and Risk Management Committee of the Board.

b) Derivative transactions carry Market Risk (arising from adverse movement in interest rates), Credit risk (arising from probable counter party failure), Liquidity risk (arising from failure to meet funding requirements or execute the transaction at a reasonable price), Operational risk, Regulatory risk and Reputation risk. The Bank has laid down policies, set in place appropriate control systems to assess the risks associated in using derivatives and proper risk reporting and mitigation systems are in place to monitor all risks relating to derivative transactions. The IRS transactions were undertaken with only Banks as counter party and well within the exposure limit approved by the Board of Bank for each counter party.

c) Derivatives are used by the Bank for trading and hedging. The Bank has an approved policy in force for derivatives and has set necessary limits for the use of derivatives and the position is continuously monitored. The value and maturity of the hedges which are used only as back to back or to hedge Bank's Balance Sheet has not exceeded that of the underlying exposure.

d) The accounting policy for derivatives has been drawn up in accordance with RBI guidelines, as disclosed in Schedule 17–Significant Accounting Policies (Policy No.6)

12.3.2 Quantitative Disclosures

(₹.In Crore)

S. No.	PARTICULARS	CURRENCY DERIVATIVES	INTEREST RATE DERIVATIVES
(i)	Derivatives (Notional Principal Amount)		
	a) For Hedging	1726.99	6326.50
	b) For Trading	156.04	441.18
(ii)	Marked to Market Positions		
	a) Asset (+)	82.85	246.76
	b) Liability (-)	20.65	-13.38
(iii)	Credit Exposure	233.29	73.63
(iv)	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	34.97	25.58
	b) on trading derivatives	3.27	3.85
v)	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	Maximum 47.60 Minimum 34.97	Maximum 25.90 Minimum 18.30
	b) on trading	Maximum 5.16 Minimum 3.27	Maximum 3.89 Minimum 2.46

13. ASSET QUALITY:

13.1.1 Non-Performing Assets (NPAs)

(₹.In Crore)

	2012-13	2011-12
i) Net NPAs to Net Advances (%)	2.50	1.35
ii) Movement of NPAs (Gross)		
a) Opening Balance	3920.07	3089.59
b) Additions during the year	5600.61	3184.76
c) Reductions during the year	2912.72	2354.28
d) Closing Balance	6607.96	3920.07
iii) Movement of Net NPAs		
a) Opening Balance	1907.44	1328.42
b) Additions during the year	3413.18	1714.60
c) Reductions during the year	1293.41	1135.58
d) Closing Balance	4027.21	1907.44
iv) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1923.40	1650.06
b) Provisions made during the year	2198.82	1470.16
c) Write-off/Write-back of excess provisions	1657.71	1196.82
d) Closing balance	2464.51	1923.40

13.1.2 Provision Coverage Ratio

The Provision Coverage Ratio (PCR) computed as per the RBI guidelines stood at 58.89% as on 31.3.2013 (67.68% as on 31.3.2012).

13.2 Particulars of Accounts Restructured

(₹. In Crore)

		CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	No. of Borrowers	57	554	2861
	Amount outstanding	4631.26	988.58	11881.01
	Sacrifice (diminution in the fair value)	501.71	9.63	290.35
Sub standard advances restructured	No. of Borrowers	0	52	265
	Amount outstanding	0	38.44	225.12
	Sacrifice (diminution in the fair value)	0	0.01	0.60
Doubtful advances restructured	No. of Borrowers	2	7	84
	Amount outstanding	91.80	4.71	188.48
	Sacrifice (diminution in the fair value)	8.74	0	0
TOTAL	No. of Borrowers	**59**	**613**	**3210**
	Amount outstanding	**4723.06**	**1031.73**	**12294.61**
	Sacrifice (diminution in the fair value)	**510.45**	**9.64**	**290.95**

Disclosure of Restructured Accounts

(₹. In Crore)

Sl No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restru cturing Mechanism					Others					Total				
	Asset Classification																					
	Details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 2012	No. of Borrowers	14	1	2	0	17	197	54	6	0	257	912	287	77	0	1276	1123	342	85	0	1550
		Amount Outstanding	2000.84	26.15	91.80	0.00	2118.79	180.82	50.23	9.72	0.00	240.77	4999.00	158.63	55.22	0.00	5212.85	7180.66	235.01	156.74	0.00	7572.41
		Provision Thereon	180.9	2.96	9.42	0.00	193.28	1.25	0.92	0.00	0.00	2.16	67.40	0.43	3.81	0.00	71.64	249.54	4.31	13.23	0.00	267.08
2	Fresh restructuring during the year	No. of Borrowers	28	0	0	0	28	14	1	0	0	15	123	0	0	0	123	165	1	0	0	166
		Amount Outstanding	2994.00	0.00	0.00	0.00	2994.00	159.00	16.00	0.00	0.00	175.00	4749.00	0.00	0.00	0.00	4749.00	7902.00	16.00	0.00	0.00	7918.00
		Provision Thereon	293.80	0.00	0.00	0.00	293.80	6.35	0.09	0.00	0.00	6.44	131.76	0.00	0.00	0.00	131.76	431.91	0.09	0.00	0.00	432.00

3	Upgradations to restructured Standard category during the FY 2012 -13	No. of Borrowers	1	-1	0	0	0	1	-1	0	0	0	2	-2	0	0	0	4	-4	0	0	0
		Amount Outstanding	26.15	-26.15	0.00	0.00	0.00	25.36	-25.36	0.00	0.00	0.00	10.20	-10.20	0.00	0.00	0.00	61.71	-61.71	0.00	0.00	0.00
		Provision Thereon	2.96	-2.96	0.00	0.00	0.00	1.11	-1.11	0.00	0.00	0.00	0.43	-0.43	0.00	0.00	0.00	4.50	-4.50	0.00	0.00	0.00
4	Restructured Standard advances which cease to attract higher provisioning and/ or additi onal 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	4	0	0	0	4	54	0	0	0	54	173	0	0	0	173	231	0	0	0	231
		Amount Outstanding	274.12	0	0	0	274.12	162.31	0	0	0	162.31	940.57	0	0	0	940.57	1377.00	0	0	0	1377.00
		Provision Thereon	43.59	0	0	0	43.59	1.20	0	0	0	1.20	0	0	0	0	0	44.79	0	0	0	44.79
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	-18	18	0	0	0	-26	26	0	0	0	-44	44	0	0	0
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	-66.93	66.93	0.00	0.00	0.00	-691.05	691.05	0.00	0.00	0.00	-757.98	757.98	0.00	0.00	0.00
		Provision Thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

6	Write -offs of restructured accounts du ring the FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Provision Thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Restructured Accounts as on March 31 2013 of the FY	No. of Borrowers	42	0	1	0	43	194	52	7	0	253	799	265	84	0	1148	1035	317	92	0	1444
		Amount Outstanding	3965.91	0.00	83.51	0.00	4049.42	458.58	38.44	4.71	0.00	501.73	10256.09	225.12	188.48	0.00	10669.69	14680.58	263.56	276.70	0.00	15220.84
		Provision Thereon	456.09	0.00	8.74	0.00	464.83	4.59	0.01	0.00	0.00	4.60	309.32	0.60	0.00	0.00	309.92	770.00	0.61	8.74	0.00	779.35

13.3 **Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset reconstruction**

(₹. In Crore)

Particulars		2012-13	2011-12
(i)	No. of accounts	1	Nil
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii)	Aggregate consideration	11.00	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain/(loss) over net book value	3.01	Nil

13.4 Details of non-performing financial assets purchased/sold from other banks

13.4.1 Details of non-performing financial assets purchased:

(₹. In Crore)

Particulars	2012-13	2011-12
1 (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2 (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

13.4.2 Details of non-performing financial assets sold:

(₹. In Crore)

Particulars	2012-13	2011-12
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

13.5 Provisions on Standard Assets

(₹. In Crore)

Particulars	2012-13	2011-12
Provisions towards Standard Assets	941.52	675.89

14 BUSINESS RATIOS

	Particulars	2012-13	2011-12
(i)	Interest Income as a percentage to Average Working Funds	9.57%	9.82%
(ii)	Non Interest Income as a percentage to Working Funds	0.91%	0.92%
(iii)	Operating Profit as a percentage to Working Funds	1.77%	1.94%
(iv)	Return on Avg. Assets	0.24%	0.52%
(v)	Business (Deposits plus advances) per Employee (₹. In crore)	12.88	11.76
(vi)	Profit per employee (₹. In crore)	0.0199	0.0384

15 ASSET LIABILITY MANAGEMENT:

Maturity pattern of certain items of assets and liabilities as on March 31, 2013

(₹. In Crore)

	Deposits	Advances (Gross)	Investments (Gross)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	4162.83	4868.43	860.88	72.71	1207.88	1187.96
2 to 7 days	5129.27	2499.69	3664.16	1791.65	1286.50	707.08
8 to 14 days	7587.26	2664.60	1793.08	54.51	553.89	373.29
15 to 28 days	3501.04	4980.71	889.45	830.31	1901.22	1184.39
29 days to 3 Month	23336.52	18112.87	6170.71	1741.71	5355.82	3192.25
Over 3 Month & up to 6 Month	23502.39	14610.20	6005.30	1849.21	4359.23	4207.34
Over 6 Month & up to 1 year	50107.73	1 9401.91	12262.33	3063.40	902.47	2479.64
Over 1 year & up to 3 years	26308.41	56516.69	11553.67	2543.26	4027.96	3533.04
Over 3 years & up to 5 years	9302.32	19320.42	5087.83	7329.26	2746.45	5835.25
Over 5 years	49197.58	21390.96	13700.45	4046.84	2296.28	--
Total	**202135.35**	**164366.48**	**61987.86**	**23322.86**	**24637.70**	**22700.24**

16. LENDING TO SENSITIVE SECTOR

16.1 Exposure to Real Estate Sector

(₹. In Crore)

Category		**2012-13**	**2011-12**
(a)	**Direct Exposure**		
	i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	5699.92	4868.63
	Out of which, Individual housing loans eligible to be classified under Priority Sector	4296.35	3720.49
	ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure includes non-fund based (NFB) limits;	7833.92	8176.43
	iii) Real estate others: Hotels , Hospitals and Liquirent not under CRE	3923.29	3145.02

(₹.In Crore)

Category		2012-13	2011-12
	iv) Investments in Mortgage Backed Securities and other securitised exposures - Residential - Commercial Real estate - Others	 Nil Nil 15.00	 Nil Nil 15.00
(b)	**Indirect Exposure** : Fund based and non -fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	861.27	1280.15
	Total Exposure to Real Estate Sector (a+b)	**18333.40**	**17485.23**

16.2 Exposure to Capital Market:

(₹.In Crore)

Particulars		2012-13	2011-12
(i)	direct investment 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;	690.73	705.47
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	0.87	0.61
(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;	299.04	461.21
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds ie. where the primary security other than shares/convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	705.74	561.32
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	129.02	175.91
(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;	35.00	32.56
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix)	financing to stockbrokers for margin trading;	0.20	Nil
(x)	all exposures to Venture Capital Funds (both registered and unregistered)	239.36	229.25
	Total Exposure to Capital market	**2099.96**	**2166.33**

16.3 Risk Category-wise Country Exposure:

(₹. in Crore)

Risk Category	Exposure (net) as at 31.3.2013	Provision held as at 31.3.2013	Exposure (net) as at 31.3.2012	Provision held as at 31.3.2012
Insignificant	12831.42	7.12	10725.41	6.55
Low	4574.71	Nil	5615.89	2.69
Moderate	2297.79	Nil	1387.10	Nil
High	164.21	Nil	35.46	Nil
Very High	127.78	Nil	110.65	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
Total	19995.91	7.12	17874.51	9.24

16.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank:

As per RBI guidelines and terms of Loan Policy Document of our Bank for 2012-13, the permissible level of Single Borrower exposure limit is ₹.2640.45 crore (15% of Capital funds) and ₹.7041.20 crore for Group Borrower limit (40% of Capital funds). SBL and GBL in case of overseas branches is USD 40 Mio and USD 60 Mio respectively.

(₹. In Crore)

Sl. No.	Name of the Borrower	Exposure limit	Limit Sanctioned	Period during which limit exceeded	Board sanction details	Position as on 31.3.2013 Outstanding
1	Global Supplies UAE, FZE Hong Kong	217.14 [USD40 mio]	542.85 [USD100 mio]	01.04.2012 to 31.03.2013	08.12.2012	346.32 [USD63.797 mio]
2	Vedanta Resource Plc. Hong Kong	217.14 [USD40 mio]	271.43 [USD50 mio]	16.01.2013 to 31.03.2013	08.12.2012	271.43 [USD50.00 mio]
3	Armada D1 Pte Ltd. Singapore**	217.14 [USD40 mio]	135.71 [USD25 mio] 352.85 [USD65 mio]	26.09.2012 to 31.03.2013	01.09.2012 and 08.12.2012	352.85 [USD65.00 mio]
4	MVP Group International Inc. Hong Kong	217.14 [USD40 mio]	325.71 [USD60 mio]	04.07.2012 to 31.03.2013	30.06.2012	325.71 [USD60.00 mio]

** The company had existing short term loan of USD40 mio

16.5 Unsecured Advances

(₹. in Crore)

	2012-13	2011-12
Total amount for which intangible securities such as charge over the rights, licences authority, etc., has been taken	5356.00	1401.50
Estimated value of such intangible collateral	5356.00	1627.72

17. MISCELLANEOUS

17.1 Amount of provisions made for Income Tax during the year:

(₹. In Crore)

	2012-13	2011-12
Provision for Income Tax (net)	579.08	(83.08)

17.2 Disclosure of Penalties imposed by RBI: NIL

17.3 Provisions and Contingencies - Break up

(₹. In Crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2012-13	2011-12
Provisions for depreciation on Investment	175.10	171.62
Provision towards NPA	2198.82	1470.16
Provision towards Standard Assets	259.18	237.09
Provision made towards Income Tax (including Deferred Tax & Wealth Tax)	180.25	247.58
Other Provision and Contingencies	436.43	357.57
Total	**3249.78**	**2484.02**

17.4 Floating Provisions

(₹. In Crore)

	Particulars	2012-13	2011-12
(a)	Opening balance in the floating provisions account	171.36	171.36
(b)	The quantum of floating provisions made in the accounting year	Nil	Nil
(c)	Amount of draw down made during the accounting year	Nil	Nil
(d)	Closing balance in the floating provisions account	171.36	171.36

17.5 Disclosure of complaints

17.5.1 Customer Complaints

(a)	No. of complaints pending at the beginning of the year	150
(b)	No. of complaints received during the year	3528
(c)	No. of complaints redressed during the year	3475
(d)	No. of complaints pending at the end of the year	203

17.5.2 Awards passed by the Banking Ombudsman

(a)	No. of unimplemented Awards at the beginning of the year	Nil
(b)	No. of Awards passed by the Banking Ombudsmen during the year	3
(c)	No. of Awards implemented during the year	2
(d)	No. of Awards lapsed due to non acceptance by customer	1
(e)	No. of unimplemented Awards at the end of the year	Nil

17.6 Letters of Comfort (LoC)

Letters of Comfort issued during the year	Nil
Letters of Comfort outstanding as on 31.3.2013	2(Two)
Assessed financial impact	Nil
Cumulative Assessed Financial Obligation	Nil

During the year 2009-10, the Bank has issued a Letter of Comfort (LOC) undertaking to maintain a minimum CRAR of 12% in respect of Bangkok branch and to arrange to convert retained earnings to capital funds and/ or infuse further capital in order to restore the CRAR to a minimum of 12% subject to approval from RBI.

In the worst case scenario of the entire textile exposure of the branch becoming NPA, we may have to make additional provision to the extent of THB235.186 mio being unsecured portion of standard textile advances. The additional provisions have to be made from retained earnings. The existing retained earnings of the branch as on 31.03.2013 are at THB315.287 mio. Hence if this contingency arises, there would be no additional capital to be remitted as existing reserves are adequate to cover the unsecured amount.

During the year 2010-11, the Bank has issued a letter of comfort favoring Bank Negara Malaysia. The Bank in association with other JV partners will provide support to India

International Bank (Malaysia) Bhd in funding, business and other matters as and when required and ensure that it complies with the requirements of the Malaysian Laws, Regulations and Policies in the conduct of its business operations and management.

The financial impact for the letter of undertaking issued to Bank Negara Malaysia is remittance of our share of 35% of the paid up capital of MYR310 mio ie. MYR108.500 mio. Our Bank has so remitted INR186,30,62,371/- towards the capital of MYR108.500 mio.

17.7 Bancassurance Business

(₹. In Crore)

S No	Nature of income*	2012-13	2011-12
1	For selling Life Insurance Policies	7.53	12.55
2	For selling Non Life Insurance Policies	10.44	7.87
3	For Selling Mutual Fund products	0.14	0.29
5	Others (specify)	--	--
	Total	18.11	20.71

*Fees/Remuneration received in respect of the Bancassurance Business undertaken by the Bank.

18. DISCLOSURES IN TERMS OF ACCOUNTING STANDARDS

18.1 Accounting Standard 9 – Revenue Recognition

Revenue has been recognized as described in item No. 2 of Significant Accounting Policies – Schedule 17.

18.2 Accounting Standard 15 – Employee Benefits

i) The Bank has adopted Accounting Standard 15 (Revised) "Employees Benefits" issued by the Institute of Chartered Accountants of India, with effect from 1st April 2007.

ii) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with Accounting Standard–15 (Revised) are as under:

a) Defined Benefit Schemes:

Changes in the present value of the obligations

(₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2013	2012	2013	2012	2013	2012
Present Value of obligation as at the beginning of the year	4389.33	3863.32	941.01	869.45	289.02	285.40
Interest Cost	357.86	318.71	70.03	69.26	22.00	21.25
Current Service Cost	67.33	33.79	76.21	26.27	50.84	5.62
Benefits Paid	(358.48)	(227.47)	(131.15)	(109.26)	(60.37)	(39.31)
Actuarial loss/(gain) on Obligations	409.07	400.97	142.68	85.28	25.76	16.05
Present Value of Obligation at year end	4865.11	4389.33	1098.78	941.01	327.26	289.02

Change in Fair Value of Plan Asset

(₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2013	2012	2013	2012	2013	2012
Fair Value of Plan Ass ets at the beginning of the year	3935.08	3256.40	793.07	672.20	0.00	0.00
Expected return on Plan Assets	362.25	14.67	68.08	59.27	0.00	0.00
Employer's contribution	539.75	632.25	248.00	156.00	60.37	39.31
Benefit Paid	(358.48)	(227.47)	(131.15)	(109.25)	(60.37)	(39.31)
Actuarial loss/(gain) on Obligations	100.20	259.23	32.40	14.85	0.00	0.00
Fair Value of Plan Asset at the end of the year	4578.80	3935.08	1010.40	793.07	0.00	0.00
Unfunded Transitional Liability	--	--	--	--	--	--

Amount recognized in Balance Sheet

(₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2013	2012	2013	2012	2013	2012
Estimated Present value of obligations as at the end of the year	4865.11	4389.32	1098.78	941.01	327.26	289.02
Actual Fair value of Plan Assets as at the end of the year	4578.80	3935.08	1010.40	793.07	0.00	0.00
Un-funded Net Liability recognized in Balance sheet	286.31*	454.24*	88.38*	147.94*	327.26	289.02

* The balance of Un-funded Net Liability in Pension and Gratuity Funds, are to be amortised over a period of next 2 years.

Expenses Recognized in Profit & Loss

(₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2013	2012	2013	2012	2013	2012
Current Service Cost	67.33	33.79	76.21	26.27	50.84	5.62
Interest Cost	357.86	318.71	70.03	69.25	22.00	21.25
Expected return on Plan Asset	(362.25)	(14.66)	(68.08)	(59.27)	0.00	0.00
Net Actuarial (Gain)/Loss recognized in the year	308.87	141.74	110.28	40.23	25.76	16.05
Total expenses chargeable in Profit & Loss Account	371.81	479.58	188.44	76.50	98.60	42.92
Amount received from II Pension Optees / Employer's Contribution of PF	-NA-	-NA-	-NA-	-NA-	-NA-	-NA-

Investment percentage maintained by Pension & Gratuity Trust:

a) Debt Instruments	Pension Trust (%)		Gratuity Trust (%)	
	2013	2012	2013	2012
Central Government Securities	9.68	8.00	7.40	8.65
State Government Securities	42.08	21.25	47.85	43.63
Investment in PSU/PFI/ Corporate Bonds	43.39	39.37	39.61	40.07
Other Investments	4.85	31.38	5.14	7.65
b) Equity Instruments	Nil	Nil	Nil	Nil

Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2013	2012	2013	2012	2013	2012
Discount Rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Expected rate of return on Plan Assets	9.00%	8.50%	8.00%	8.50%	0%	0%
Expected Rate of Salary increase	4.00%	3.00%	5.00%	4.00%	4.50%	4.00%
Method used	Projected unit credit		Projected unit credit		Projected unit credit	

Experience Adjustments

Particulars	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Un funded)	
	2013	2012	2013	2012	2013	2012
Experience adjustment on Plan assets (Loss)/Gain	100.20	259.23	32.40	14.85	Nil	Nil
Experience adjustment on Plan Liabilities (Loss)/Gain	409.07	400.96	142.68	85.27	25.76	16.05

The estimates of future salary increases, considered in actuarial valuation, take into account actual return on plan assets, inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

In respect of overseas branches, disclosures if any, required for Employee Benefit Schemes are not made in the absence of information.

(b) The financial assumptions considered for the calculations are as under:-

Discount Rate: - The discount rate has been chosen by reference to market yield on Government bonds as on the date of valuation. (Balance sheet dated 31.3.2013)

Expected Rate of Return: In case of Pension the expected rate of return is taken on the basis of yield on Government bonds. In case of gratuity, the actual return has been taken.

Salary Increase: On the basis of past data.

(c) Bank's best estimate expected to be paid in the next Financial Year for Gratuity is ₹.160 crore.

18.3 Accounting Standard 17 – Segment Reporting

The Bank has adopted Reserve Bank of India's revised guidelines issued in April 2007 on Segment Reporting in terms of which the reportable segments have been divided into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations.

Part A: Business Segments

(₹. In Crore)

Business Segments	**Treasury**		**Corporate / Wholesale Banking**		**Retail Banking**		**Other Banking Operations**		**TOTAL**	
Particulars	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue	5123.68	4520.06	11432.64	9565.12	5252.59	4824.00	731.05	623.12	22539.96	19532.30
Result	868.51	423.66	2153.09	1867.83	478.00	1105.78	208.56	91.61	3708.16	3488.88
Unallocated Income								-	109.67	45.82
Unallocated Expenses									0.82	0.55
Operating Profit/Loss									3817.01	3534.15
Income Taxes									180.25	247.58
Provisions & Contingencies									3069.53	2154.26
Extraordinary profit / loss		-	-	-			-	-	0	-82.18
Net Profit									567.23	1050.13
OTHER INFORMATION										
Segment Assets	68019.27	62326.15	110964.95	101528.80	63752.33	53890.80	144.36	127.86	242880.91	217873.61
Unallocated Assets									1775.12	1774.57
Total assets									244656.03	219648.18
Segment Liabilities	63416.49	58324.52	104633.60	96123.20	62624.91	52136.78	51.79	68.81	230726.79	206653.31
Unallocated Liabilities									471.86	1067.21
Total									231198.65	207720.52

Part B - Geographic segments

(₹. In Crore)

	Domestic		International		Total	
	2012 -13	2011 -12	2012 -13	2011 -12	2012 -13	2011 -12
Revenue	21398.28	18801.39	1251.35	776.73	**22649.63**	**19578.12**
Assets	222801.18	201521.80	21854.85	18126.38	**244656.03**	**219648.18**

18.4 Accounting Standard 18 - Related Party Disclosures

Names of the related parties and their relationship with the Bank

1	Parent	Indian Overseas Bank		
2	Associates	Pandyan Grama Bank Odisha Gramya Bank		
3.	Subsidiaries	None		
4.	Jointly controlled entity (Joint Venture)	India International Bank (Malaysia) Bhd. Investment in equity shares ₹.186.31 crore (maximum investment ₹.186.31 crore)		
5.	**Key Management Personnel**			
	Sl. No.	Name	Designation	Remuneration * Amount (₹.) (2012-13)
	1.	Shri M. Narendra	Chairman & Managing Director	26,35,027
	2.	Shri A.K. Bansal	Executive Director	22,50,982
	3.	Shri A.D.M. Chavali	Executive Director	17,67,488
	4.	Smt. Nupur Mitra	Ex-Executive Director	3,20,833

*Remuneration Includes salary & allowances, salary arrears, performance incentives, leave encashment arrears and gratuity arrears.

18.5 Accounting Standard 20 – Earning Per Share

Particulars	**2012-13**	**2011 -12**
Net Profit after Tax available for Equity Shareholders (Rs. In Crore)	567.23	1050.13
Weighted Average Number of Equity Shares	80,18,73,155	62,02,30,552
Basic & Diluted Earnings Per Share	Rs. 7.07	Rs.16.93
Nominal value per Equity Share	Rs.10.00	Rs.10.00

18.6 Accounting Standard 21 - Consolidated Financial Statements (CFS)

As there is no subsidiary, no consolidated financial statement is considered necessary.

18.7 Accounting Standard 22: Accounting for Taxes on Income

The Bank has accounted for reversal of Deferred Tax Liability of ₹.399.33 crore during the year (Previous year accounting of DTL of ₹.330.16 crore). The Bank has outstanding net Deferred Tax Liability of ₹.230.49 crore (Previous year ₹.628.96 crore). The breakup of deferred tax assets and liabilities into major items is given below:

(₹. In Crore)

Particulars	31.3.2013		31.3.2012	
	DTA	**DTL**	**DTA**	**DTL**
Depreciation on Investments		334.78		762.78
Depreciation on Fixed Assets		16.60	14.97	
Provision for Employee Benefits	109.80		106.41	
Provision for Frauds	10.22		9.84	
Others	0.87		2.60	
Total	**120.89**	**351.38**	**133.82**	**762.78**
Net DTL		**230.49**		**628.96**

18.8 Accounting Standard 26 – Intangible Assets

The application software in use in the Bank has been developed in-house and has evolved over a period of time. Hence, the costs of software is essentially part of Bank's operational expenses like wages etc. and as such are charged to the respective heads of expenditure in the Profit and Loss Account.

18.9 Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures

Our Bank (with 35% share) has floated a Joint Venture at Malaysia along with Bank of Baroda (40%) and Andhra Bank (25%). Bank Negara, the Central Bank of Malaysia, issued the license to the Joint Venture on 16.04.2010. The Joint Venture was incorporated at Malaysia on 13.08.2010 by name INDIA INTERNATIONAL BANK (MALAYSIA) BHD (IIBM). IIBM has an Authorised Capital of MYR500 Mio. The Joint Venture's Assigned Capital is MYR310 Mio. Our Bank's share in the Assigned up Capital is 35% - MYR108.50 Mio.

As on 31.3.2013, Bank has paid Rs.186.31 crore towards 10850000 shares of MYR10 each aggregating to MYR108.50 Mio. The Joint Venture has commenced operations on 11.7.2012.

18.10 Accounting Standard 28 – Impairment of Assets

Fixed Assets owned by the Bank are treated as 'Corporate Assets' and are not 'Cash Generating Units' as defined by AS28 issued by ICAI. In the opinion of the Management, there is no impairment of any of the Fixed Assets of the Bank.

18.11 Accounting Standard 29 - Provision for Contingent Liabilities and Contingent Assets:

The guidelines issued by the Institute of Chartered Accountant of India in this respect have been incorporated at the appropriate places.

19 Concentration of Deposits, Advances, Exposures and NPAs

19.1 Concentration of Deposits

(₹. In Crore)

	2012-13	**2011-12**
Total Deposits of twenty largest depositors	28794	14628
Percentage of Deposits of twenty largest deposits to Total Deposits of the Bank	14.24%	8.20%

19.2 Concentration of Advances (Credit Exposure including derivatives) (₹. In Crore)

	2012-13	**2011-12**
Total Advances to twenty largest borrowers	27384	28396
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	12.92%	15.55%

19.3 Concentration of Exposures (Credit and Investment exposure) (₹. In Crore)

	2012-13	**2011-12**
Total Exposure to twenty largest borrowers / customers	27743	28401
Percentage of Exposures of twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/ customers	12.27%	14.99%

19.4 Concentration of NPAs

(₹. In Crore)

	2012-13	2011-12
Total Exposure to top four NPA accounts	**749.56**	**476.50**

19.5 Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		2012-13	2011-12
1	Agriculture & allied activities	3.34	2.94
2	Industry (Micro & small, Medium and Large)	5.68	3.23
3	Services	3.89	2.40
4	Personal L oans	1.67	1.38

19.6 MOVEMENT OF NPAs

(₹. In Crore)

Particulars	2012-13	2011-12
Gross NPAs as on 1st April 2012 (Opening Balance)	3920.07	3089.59
Additions (Fresh NPAs) during the year	5600.61	3184.76
Sub-total (A)	9520.68	6274.35
Less:-		
(i) Upgradations	640.43	451.64
(ii) Recoveries (excluding recoveries made from upgraded accounts)	630.04	736.25
(iii) Write-offs	1642.25	1166.39
Sub-total (B)	2912.72	2354.28
Gross NPAs as on 31.3.2013 (closing balance) (A -B)	6607.96	3920.07

19.7 OVERSEAS ASSETS, NPAs AND REVENUE

(₹. In Crore)

Particulars	2012-13	2011-12
Total Assets	21854.85	17999.80
Total NPAs	987.25	366.41
Total Revenue	1002.37	776.74

19.8 OFF-BALANCE SHEET SPVs SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

20 Comparative Figures

Previous year's figures have been regrouped / rearranged wherever necessary.

INDIAN OVERSEAS BANK		
Cash Flow Statement		
Statement of Cash Flow for the year ended 31.03.2013		
	(₹. In 000s)	
	Year ended	
	31.03.2013	**31.03.2012**
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	**5 67 22 77**	**10 50 12 63**
Adjustments for :		
Amortisation of HTM Investments	57 51 62	52 53 13
Loss on Revaluation of Investments	68 34 69	34 98 08
Depreciation on Fixed Assets	1 26 59 20	1 11 05 51
Profit / Loss on Sale of Assets	- 1 61 63	- 2 50 29
Transfer from Reserves		- 1 16
Provision for taxes	1 80 25 30	2 47 58 17
Provision for NPAs	21 87 43 49	14 70 15 60
Provision for Standard Assets	2 59 17 61	2 37 08 72
Depreciation on Investments	1 75 09 80	1 71 61 58
Provision for Other Items	4 47 82 05	3 57 57 86
Interest on Tier II Capital	6 07 03 12	6 10 33 16
Increase / (Decrease) in Deposits	237 01 17 16	332 05 42 53
Increase / (Decrease) in Borrowings	-2 90 98 71	42 58 44 25
Increase / (Decrease) in Other Liabilities & Provisions	-1 80 15 66	5 65 28 66
(Increase) / Decreasein Investments	-59 79 08 55	-71 87 45 32
(Increase) / Decrease in Advances	-222 74 92 82	-307 19 20 14
(Increase) / Decrease in Other Assets	1 71 69 62	-6 11 13 38
Direct Taxes Paid	-4 29 47 55	-1 59 01 02
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**-6 06 88 49**	**36 92 88 57**
CASH FLOW FROM INVESTING ACTIVITIES		
Sale / disposal of Fixed Assets	5 23 82	20 86 50
Purchase of Fixed Assets	-2 33 20 23	-2 19 02 89
Investment in Associates	-1 73 34 25	- 27 10 18
NET CASH FROM INVESTING ACTIVITIES (B)	**-4 01 30 66**	**-2 25 26 57**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Equity Share Issue	10 00 00 00	17 43 63 03
Interest Paid on Tier II Capital	-5 77 65 62	-6 09 24 45
Dividend Paid	-4 16 83 10	-3 59 56 30
NET CASH FROM FINANCING ACTIVITIES (C)	**5 51 28**	**7 74 82 28**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) +(B) + (C)	**-10 02 67 87**	**42 42 44 29**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Cash & Balances with RBI	101 98 91 24	100 10 89 43
Balances withBanks & Money at Call	60 62 18 62	20 07 76 14
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash & Balances with RBI	98 37 82 50	101 98 91 24
Balances with Banks & Money at Call	54 20 59 49	60 62 18 62
NET INCREASE IN CASH AND CASH EQUIVALENTS	**-10 02 67 87**	**42 42 44 29**

This Statement has been made prepared in accordance with Indirect Method.

T S Srinivasan
General Manager

M Narendra
Chairman & Managing Director

AUDITORS' CERTIFICATE

We , the undersigned Statutory Central Auditors of Indian Overseas Bank have verified the above Cash Flow Statement of the Bank for the year ended 31.03.2013 . The Statement has been prepared in accordance with the requirement of Clause 32 , of the Listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and the Balance Sheet of the Bank, covered by our report of even date to The President of India .

S R Mohan & Co
Badari , Madhusudhan & Srinivasan

B Thiagarajan & Co
Dass Khanna & Co

Sankar & Moorthy
P.R.Mehra & Co

Place : Chennai
Date : 29.04.2013

ADDITIONAL DISCLOSURES

Reserve Bank of India, Mumbai issues guidelines on Basel II Capital Adequacy Framework from time to time. In terms of the guidelines, the following disclosures are made as per the specified Formats under Pillar III requirement:

RISK MANAGEMENT

Risk taking is an integral part of the banking business. Banks assume various types of risks in its activities while providing different kinds of services based on its risk appetite. In the normal course of business, a bank is exposed to various risks including Credit Risk, Market Risk and Operational Risk. With a view to managing such risks efficiently and strengthening its risk management systems, the bank has put in place various risk management measures and practices which includes policies, tools, techniques, monitoring mechanism and management information systems (MIS).

The Bank, on a continuous basis, aims at enhancing and maximizing the shareholder values through achieving appropriate trade off between risks and returns. The Bank's risk management objectives broadly cover proper identification, measurement, monitoring, control and mitigation of the risks with a view to enunciate the bank's overall risk philosophy. The risk management strategy adopted by the bank is based on an understanding of risks and the level of risk appetite of the bank. Bank's risk appetite is demonstrated broadly through prescription of risk limits in various policies relating to risk management.

The bank has set up appropriate risk management organization structure in the bank. Risk Management Committee of the Board (RMCB), a sub-committee of the Board, is constituted which is responsible for management of credit risk, market risk, operational risk and other risks in the Bank. The bank has also constituted internal risk management committees namely Credit Policy Committee (CPC) for managing credit risk, Asset Liability Management Committee (ALCO) for managing market risk, Operational Risk Management Committee for managing operational risk, Operational Risk Management (Vigilance) Committee for managing fraud risk and Information Security Committee for managing Information security.

A full fledged Risk Management department is functioning at the Bank's Central Office, independent of the business departments for implementing best risk management systems and practices in the bank. A Chief Risk Officer in the rank of General Manager of the bank is in charge of the department who is responsible for overall supervision on risk management in the bank and is the convenor for all the internal risk management committees. The Mid-Office in Risk Management and Credit Support Services Dept., in particular, and other functional departments / branches in general also carry out the risk management functions and monitor the adherence/compliance to policies, risk limit framework and internal approvals. The basic approach to manage risk more effectively lies with controlling the risk at the point of its origination.

The bank had implemented the New Capital Adequacy Framework (Basel-II) with effect from 31.3.2008 and is in compliance with the framework, in line with the guidelines issued by the RBI from time to time. The Basel-II Framework is based on three mutually reinforcing pillars. While the first pillar of the revised framework addresses the minimum capital requirement for credit, market and operational risks, the second pillar of supervisory review process ensures that the bank has adequate capital to address all the risks in their business commensurate with bank's risk profile and control environment. As per RBI's requirement, the Bank has put in place a Board approved Policy on Internal Capital Adequacy Assessment Process (ICAAP) to address second pillar requirements. This policy aims at assessing all material risks to which the bank is exposed over and above the regulatory prescriptions under the first pillar risks, and ensuring adequate capital structure to meet the requirements on an ongoing basis.

The bank has formulated a “Stress Testing framework” to assess the potential vulnerability of the organization to exceptional but plausible events. Stress testing and scenario analysis, particularly in respect of the bank's material risk exposure, enable identification of potential risks inherent in a portfolio at times of economic recession and accordingly take suitable proactive steps to address the same. In accordance with the policy prescriptions, the bank carries out various stress tests on bank's balance sheet periodically and specific portfolios and places the reports to ALCO / RMCB / Board.

Board approved Business Continuity Plan and Disaster Recovery Plan is in place. The 3 way DR for Zero data loss, Multiple MPLS-VPN high bandwidth connections at all 3 data Centres and Central, Dual connectivity from alternate service providers and alternate media for branches have been established. Firewall and Intrusion detection systems have been implemented. IS Security and IS audit departments have been established to monitor and analyse the information security incidents so as to take corrective steps. The bank has fine tuned the information security systems in accordance with RBI guidelines. Regular DR drills are being conducted every quarter. To ensure Network security, Vulnerability Analysis and Penetration testing has been conducted by external experts.

The Bank is also in the process of upgrading its risk management systems and procedure for migrating to the advanced approaches envisaged under Basel II framework and installing automated solutions for Market Risk Capital computation.

The Reserve Bank of India has issued final guidelines on Liquidity Risk Management effective from March 2013. The guideline covers preparation and submission of consolidated bank operations including domestic operations and overseas operations separately at various frequencies. The bank has put in place system and procedure in place in this regard in compliance with the RBI guidelines.

Further, the Reserve Bank of India has issued guidelines on implementation of Basel III capital regulations in India to be implemented in phased manner effective from April 1, 2013 with Banks disclosing Basel III capital ratios from the quarter ending June 30, 2013. The bank shall comply with the same.

The third pillar of Basel-II framework refers to market discipline. The purpose of market discipline is to complement the minimum capital requirements detailed under Pillar 1 and the supervisory review process detailed under Pillar 2. In this context and as guided by RBI a set of disclosure (both qualitative and quantitative) are published in DF 1 to 10 (annexed) with regard to risk management in the bank, which will enable market participants to assess key pieces of information on the (a) Scope of Application (DF-1), (b) Capital

Structure (DF-2), (c) Capital Adequacy (DF-3), (d) Credit Risk: General Disclosures for all banks (DF-4), (e) Credit Risk: Disclosures for Portfolios subject to the Standardised Approach (DF-5), (f) Credit Risk Mitigation: Disclosures for Standardised Approaches (DF-6), (g) Securitisation Exposures: Disclosure for Standardised Approach (DF-7), (h) Market Risk in Trading Book (DF-8), (i) Operational Risk (DF-9), and (j) Interest Rate Risk in the Banking Book (IRRBB) (DF-10). This would also provide necessary information to the market participants to evaluate the performance of the bank in various parameters.

Table DF –1

SCOPE OF APPLICATION

Qualitative Disclosures	**Applicability to our Bank**
a) The name of the top bank in the group to which the Framework applies	The Bank does not belong to any group.
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated (ii) that are pro-rata consolidated (iii) that are given a deduction treatment; and (iv) that are neither consolidated nor deducted (e.g. where the investment is risk – weighted).	Not Applicable
Quantitative Disclosures	
c) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries	Not Applicable
d) The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction.	Rs.66.50 crores by way of equity subscription in an insurance JV ie. Universal Sompo General Insurance Co. Ltd., representing 19% of its total issued capital.

Table DF – 2

CAPITAL STRUCTURE

Qualitative Disclosures	**Applicability to our Bank**
a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Upper Tier 2	Applicable to the Bank as we raise both Tier I and Tier II capital from the market to meet increase in capital requirements from time to time
Quantitative Disclosures	
	(₹.In Crore)
b) The amount of Tier 1 capital, with separate disclosure of:	12088.45
● paid up share capital	924.10
● reserves	10663.53
● innovative instruments (Perpetual Debt Instrument as Tier 1 capital)	780.00 (raised during the year – Nil)
● other capital instruments	Nil
● amounts deducted from Tier 1 capital, including goodwill and investments	279.18
c) The total amount of Tier 2 capital (net of deductions from Tier 2 capital)	6277.58
d) Debt capital instruments eligible for inclusion in Upper Tier 2 capital	
● Total amount outstanding	2632.30
● Of which amount raised during the current year	Nil
● Amount eligible to be reckoned as capital funds	2632.30
e) Subordinated debt eligible for inclusion in Lower Tier 2 capital	
● Total amount outstanding	3426.00
● Of which amount raised duri ng the current year	Nil
● Amount eligible to be reckoned as capital funds	2340.00
f) Other deductions from capital, if any	259.17
g) Total eligible capital	18366.03

Table DF – 3

CAPITAL ADEQUACY

Qualitative Disclosures

Banks in India implemented capital adequacy measures in April 1992 based on the capital adequacy framework (Basel-I) issued by the Basel Committee on Banking Supervision (BCBS) and the guidelines issued by Reserve Bank of India (RBI) from time to time. Such a measure was taken in order to strengthen the capital base of banks and at the same time to make it compliant with the international best practices in the matter of maintaining capital adequacy. Initially the Basel framework addressed the capital for credit risk, which was subsequently amended to include capital for market risk. In line with the guidelines issued by the RBI the bank was compliant with the relevant guidelines.

Subsequently, the BCBS released the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" on June 26, 2004. The Revised Framework was updated in November 2005 to include trading activities and the treatment of double default effects and a comprehensive version of the framework was issued in June 2006. Based on these guidelines and to have consistency and to be in harmony with international standards, the RBI has issued guidelines on 27th April 2007 and subsequent amendments on implementation of the New Capital Adequacy (Basel-II) Framework from time to time.

In line with the RBI guidelines, the Bank had migrated to the revised (Basel-II) framework from 31.3.2008 and continues to be compliant with the requirements of Basel-II framework. In addition to this, the bank continues the parallel run of Basel I framework in terms of the guidelines issued by the RBI through prescribed reporting formats.

Basel-II Framework provides a range of options for determining the capital requirements for credit risk, market risk and operational risk. The Framework allows banks and supervisors to select approaches that are most appropriate for their operations and financial markets. In accordance with the RBI's requirements, the Bank has adopted Standardised Approach (SA) for credit risk, Standardised Measurement Method (SMM) for market risks and Basic Indicator Approach (BIA) for Operational Risk to compute capital. The Bank is maintaining capital for Credit, Market and Operational Risk in line with the RBI guidelines in this regard.

The Bank has computed capital for market risk and operational risk as per the prescribed guidelines at the bank's Central Office, based on the relevant data. In computation of capital for Credit risk under Standardised Approach, the bank has relied upon the borrower-wise data captured from each individual branch besides portfolios held at Regional Office and Central Office of the bank. For some of the loan types such as Agriculture Loans, Jewel Loans, Small loans, Loans against Term deposits, staff loans etc where all the accounts are of similar nature (either similarly secured or similarly unsecured) a consolidated approach is used whereby the aggregated position for each type of loan is taken for computation of capital for credit risk, without affecting the quality of the capital assessment. In all other loan types, the credit risk capital computation is done on borrower basis or facility type basis as per the segmentation advised in the RBI guidelines. For this purpose, the Bank has developed in-house software, which enables computation of capital for credit risk of the advances portfolio of the branches and generation of the requisite reports at the branches, Regional Offices and Central Office level. Necessary training has been imparted to the field staff periodically on various aspects of capital computation and close interactions held with the coordinators at Regional Offices, to ensure accuracy and adequacy of data in capital computation.

Banks generally use a number of techniques to mitigate the credit risk to which they are exposed. The Bank has also used the Credit Risk Mitigation in computation of capital for credit risk in order to get capital relief. A well articulated policy on Collateral Management and Credit Risk Mitigation duly approved by the bank's Board is put in place. The Bank has followed the RBI guidelines in force to arrive at the credit risk mitigation, risk weighted assets, eligible capital and capital to risk weighted assets ratio (CRAR).

Reserve Bank of India has prescribed that Banks are required to maintain a minimum capital to risk weighted assets ratio (CRAR) of 9% on an ongoing basis, as against 8% prescribed in the Basel document. RBI has also prescribed Prudential Floor at **80%** of minimum capital requirements computed as per Basel-I Framework for Credit and Market risks as on date of computation. The framework issued by RBI additionally prescribes maintenance of a minimum Tier-1 CRAR of 6%. The bank maintains total CRAR and Tier-1 CRAR **at 11.85% and 7.80%** respectively, which are well above the minimum level prescribed by RBI.

The Bank has put in place a policy on Internal Capital Adequacy Assessment Process (ICAAP) and the framework in consideration of the relevant risk factors of the bank as a measure towards Pillar 2 requirements of the revised framework commensurate with the bank's overall risk profile. In framing the policy the bank has taken into consideration the requirements prescribed by the RBI in their guidelines and bank's risk appetite.

As regards the adequacy of capital to support the future activities, the bank draws assessment of capital requirements periodically taking into account future growth of business. The surplus CRAR maintained by the bank acts as a buffer to support the future activities. Moreover, the headroom available to the bank in the Tier-1 and Tier-2 capital components provides additional capital support to meet the future needs. Thereby, the capital risk of the bank is adequately addressed. Government of India, which is the major share holder in the bank, has been subscribing fresh capital to augment capital adequacy. In future, the bank shall take suitable steps to augment the capital by retention of earnings and through infusion of fresh capital from the market depending upon the market conditions in order to meet the Basel III requirements.

Table DF – 3

Quantitative Disclosures (₹. in Crore)

b) Capital requirements for credit risk:	
Standardised Approach	
Portfolios subject to standardised approach	**12412.54**
Securitisation exposures	**0**
Total	**12412.54**
c) Capital requirements for market risk:	
Standardised Duration Approach	
Interest rate risk	**493.39**
Foreign Exchange risk (including gold)	**4.75**
Equity risk	**229.89**
Total	**728.03**
d) Capital requirements for operational risk	
Basic indicator approach	
Operational Risk	**810.88**
e) Total Capital Ratio for the Bank	
Total CRAR	11.85%
Total CRAR (subject to application of Prudential Floor)	11.85%
Tier 1 CRAR	7.80%

Table DF-4

CREDIT RISK: GENERAL DISCLOSURES FOR ALL BANKS

Qualitative Disclosures

Credit Risk is the possibility of losses associated with diminution in the credit quality of borrowers or counter parties. In a Bank's portfolio, Credit Risk arises mostly from lending and investment activities of the Bank if a borrower / counterparty is unable to meet its financial obligations to the lender/investor. It emanates from changes in the credit quality/worthiness of the borrowers or counter parties. Credit risk also includes counterparty risk and country risk.

Credit rating and Appraisal Process

The Bank manages its credit risk through continuous measuring and monitoring of risks at obligor (borrower) and portfolio level. The Bank has a robust internal credit rating framework and well-established standardized credit appraisal / approval process. Credit rating is a facilitating process that enables the bank to assess the inherent merits and demerits of a proposal. It is a decision enabling tool that helps the bank to take a view on acceptability or otherwise of any credit proposal.

In order to widen the scope and coverage further, the bank upgraded the rating software, which would facilitate the bank to migrate towards advanced approaches of the Basel II framework in future.

The rating models factor quantitative and qualitative attributes relating to Risk components such as Industry Risk, Business Risk, Management Risk, Financial Risk, Project Risk (where applicable) and Facility Risk etc. The data on industry risk is regularly updated based on market conditions.

Credit rating as a concept has been well internalized within the bank. As a measure of robust credit risk management process, the bank has implemented a tiered system for validation of credit ratings at specified levels which is independent of credit departments, in order to draw unbiased rating for borrowers necessary for moving to advanced approaches. In respect of proposals falling under powers of Bank's Central Office, the validations of ratings are done at Risk Management Dept. The advantage of credit rating is that it enables to rank different proposals based on risk and do meaningful comparisons.

The bank follows a well-defined multi layered discretionary power structure for sanction of loans and advances. Approval Grid has been constituted at all levels covering Exceptionally Large branch / RO / CO for recommending fresh/enhancement proposal to appropriate sanctioning authorities. Specific Sanctioning Powers have been delegated to Branch Managers. In addition to the Management Committee of the Board (MCB), the bank has constituted three committees such as (a) Credit Approval Committee (CAC) headed by Chairman, (b) Head Office Level Credit Approval Committee headed by Executive Director (HLCCED) and (c) Head Office Level Credit Approval Committee headed by senior most General Manager (HLCCGM) with delegated powers to consider sanction of credit proposals falling under Central Office powers at different levels. Further, Regional Level Credit Committees (RLCC) headed by the Regional Head have also been formed at all regional offices with suitable delegated power for sanction of credit proposals. Consequently, no Executives beyond Branch Heads exercise any discretionary powers for sanction of credit proposals at individual level.

The new products introduced by bank are examined by the head office level risk management committee depending upon the type of risks involved in the new product / process before being placed to RMCB/Board for approval.

Credit Risk Management Policies

The bank has put in place a well-structured loan policy and credit risk management policy duly approved by Board. The policy document defines organizational structure, role and responsibilities and processes whereby the Credit Risk carried by the Bank can be identified, quantified and managed within the framework that the Bank considers consistent with its mandate and risk tolerance. Credit risk is monitored by the bank on a bank-wide basis and compliance with the risk limits approved by Board / RMCB is ensured. The CPC takes into account the risk tolerance level of the Bank and accordingly handles the issues relating to Safety, Liquidity, Prudential Norms and Exposure limits.

The bank has taken earnest steps to put in place best credit risk management practices in the bank. In addition to Loan Policy and Credit Risk Management Policy, the bank has also framed Funds and Investment Policy, Counter Party Risk Management Policy and Country Risk Management Policy etc., which forms integral part of monitoring of credit risk in the bank. Besides, the bank has implemented a policy on collateral management and credit risk mitigation which lays down the details of securities (both prime and collateral) normally accepted by the Bank and administration of such securities to protect the interest of the bank. Presently, some select securities act as mitigation against credit risk (in capital computation), to which the bank is exposed.

Credit Monitoring/Loan Review/Credit Audit

The Credit Monitoring Department monitors the quality of Credit portfolio, identifies problems and takes steps to correct deficiencies. The objective of the department is to minimize slippage of performing accounts to NPA category and also to comply with the laid down norms and guidelines. The department is also micro monitoring the accounts by segmentation and follow up the accounts on a daily basis to minimize slippages. Furthermore, the accounts are also monitored at different levels of authority depending upon the size of the exposure.

All standard borrowal accounts with credit exposure of Rs. 1 crore and above are reviewed under Loan Review Mechanism, which is essentially an off-site audit mechanism. The credit audit is carried out in terms of Guidance Note on Credit Risk issued by Reserve Bank of India and the Credit Risk Management Policy of the Bank.

The credit audit covers all borrowal accounts with total exposure of Rs. 5 crore and above sanctioned by any authority. This is an ongoing exercise which helps the bank to identify deficiencies and early warning signals of sickness/weakness in borrowal accounts. Essentially this is an onsite audit mechanism to prevent deterioration in the quality of advances thereby protecting the interest of the bank. The bank also maintains surveillance on the accounts with working capital exposure of Rs.1.00 Cr and above by calling for Continuous Surveillance statements.

Classification of restructured accounts

The bank has followed the prudential guidelines issued by the RBI in respect of classification and provisioning for restructured accounts from time to time.

Classification of Non Performing Accounts

The bank follows the prudential guidelines of RBI for classification of NPA accounts.

(₹. In Crore)

Quantitative Disclosures	Applicability to our Bank	
a) Total gross credit risk exposures, Fund based and Non fund based separately	FB NFB	164366.48 36646.64
b) Geographic distribution of exposures, Fund based and Non fund based separately	FB	NFB
• Domestic	144894.44	19472.04
• Overseas	33371.64	3275.00
c) Industry type distribution of exposures, fund based and non-fund based separately.	Annexed	
d) Residual contractual maturity breakdown of assets	Annexed	
e) Amount of NPAs (Gross)		
• Substandard	3812.73	
• Doubtful (D1, D2, D3)	2684.62	
• Loss	110.61	
f) Net NPAs	4027.21	
g) NPA Ratios		
• Gross NPAs to gross advances	4.02%	
• Net NPAs to net advances	2.50%	
h) Movement of NPAs (Gross)		
• Opening balance	3920.07	
• Additions	5600.61	
• Reductions	2912.72	
• Closing balance	6607.96	
j) Movement of provisions for NPAs		
• Opening balance	1923.40	
• Provisions made during the period	2198.82	
• Write off	1657.71	
• Write back of excess provisions	-	
• Closing balance	2464.51	
k) Amount of Non-Performing Investments	57.72	

Quantitative Disclosures	Applicability to our Bank	
l) Amount of provisions held for non-performing investments	17.39	
m) Movement of provisions for depreciation on investments • Opening Balance • Provisions made during the period • Write-off • Write-back of excess provisions • Closing Balance	 363.96 408.67 0 143.72 628.91	

Residual contractual Maturity break down of Assets (₹. In Crore)

Day 1	2-7 D	8-14D	15-28D	29D-3M	3-6M	6M-1Year	>1 to 3years	>3 to 5years	>5 years
6920.16	8005.28	4260.51	4942.22	20126.05	18275.95	32661.71	65501.05	22170.91	41804.49

Covers Gross Assets for domestic operations

INDUSTRY WISE EXPOSURES (₹.In Crore)

Industry Name	Outstanding
Mining and Quarrying	2579.88
Food Processing	1486.42
Sugar	962.22
Edible Oils and Vanaspati	678.73
Tea	38.54
Beverage & Tobacco	318.25
Cotton Textiles	3453.59
Jute Textiles	20.73
Other Textiles	2986.20
Leather and Leather Products	371.88
Wood and Wood products	551.96
Paper and Paper Products	1770.44
Petroleum, Coal Products and Nuclear Fuels	1378.86
Chemicals, Dyes, Paints, etc.	2267.62
Of which Fertilisers	300.92
Of which Drugs and Pharmaceuticals	808.26
Of which Others	1158.44
Rubber, Plastic and their Products	960.09
Glass and Glassware	141.46
Cement and Cement Products	1407.64
Iron and Steel	9936.59
Other Metal and Metal Products	2193.59
All Engineering	4501.18
Of which Electronics	437.66
Vehicles, Vehicle Parts and Transport Equipment	2832.63
Gems and Jewellery	995.04
Construction	2050.75
Infrastructure	22340.71
Of which Power	14462.78
Of which Telecommunications	1306.65
Of which Roads & Ports	5336.28
Other Industries	509.43
Computer Software	625.06
NBFCs	5961.03
Trade	8266.82
Residual Advances to Balance Gross Advances	82779.14
TOTAL	**164366.48**

Table DF-5

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative Disclosures

General Principle

In accordance with the RBI guidelines, the Bank has adopted Basel II Capital Adequacy Framework for computation of capital for credit risk. In computation of capital, the bank has assigned risk weight to different asset classes as prescribed by the RBI from time to time.

In computation of capital for Credit risk under Standardised Approach, small value exposures are captured on a consolidated basis. Where the exposures are fully secured such as Jewel Loans, Loans against Term deposits/approved insurance policies etc, these loans are fully netted against available credit risk mitigants (CRM), as the mitigation higher than the exposure is available after applying the applicable hair cut due to higher margin prescription. Similarly, in case of fully unsecured loans such as Agriculture Loans, Small loans, consumer loans, staff loans etc the capital computation is done on the entire exposure as applicable to relevant segment /classification. Full details of these loans where consolidated approach is adopted are available in the CBS system for each account and only for capital computation the consolidated approach is adopted as the effect is same when these accounts are taken individually or together.

External Credit Ratings

Ratings of borrowers by External Credit Rating Agencies (ECRA) assume importance in the light of Guidelines for implementation of the Basel II Capital Adequacy Framework. Exposures on Corporates / Public Sector Enterprises/ Primary Dealers are assigned with risk weights based on available external ratings. For this purpose, the Reserve Bank of India has permitted Banks to use the ratings of **six** domestic ECRAs viz. Credit Analysis and Research Ltd (CARE), CRISIL Ltd, FITCH India (renamed as India Ratings) and ICRA Ltd, Brickworks Rating Services India Ltd and Small and Medium Enterprises Rating Agency Ltd (SMERA)

In consideration of the above, the Bank has decided to accept the ratings assigned by all these ECRAs for capital relief purpose. The RBI has provided for mapping public issue ratings on to comparable assets into banking book. However, this particular provision has not been taken into account in Credit Risk Capital Computation.

The bank uses only solicited external ratings for capital computation purpose. Borrowers at their option can approach any one or more of the above ECRAs for their rating. External ratings assigned fresh or reviewed during the previous 15 months are reckoned for capital computation by the bank. Wherever a borrower possesses more than one rating from ECRAs the guidelines prescribed by the RBI are followed as regards to assignment of risk weight for computation of capital.

Internal Credit Rating

The bank has a well structured internal credit rating mechanism to evaluate the credit risk associated with a borrower and accordingly the systems are in place for taking credit decision as regards the acceptability of proposals and level of exposures and pricing. The bank has prescribed entry level rating in case of new accounts. Accounts with ratings below the entry level can be considered only by higher authorities as per the delegated powers prescribed.

Presently, the internal ratings cannot be used for application of risk weight under Standardised Approach of capital computation. The bank takes into consideration the borrower's loan exposure credit ratings assigned by the approved ECRAs while computing the capital for credit risk as on 31.3.2013 under corporate and PSE segments.

In case of investment in particular issues of Corporates / PSEs, the issue specific rating of the approved ECRAs are reckoned and accordingly the risk weights have been applied after a corresponding mapping to rating scale provided in RBI guidelines.

For the purpose of capital computation of overseas exposures, ratings assigned by the international rating agencies namely Fitch, Moody's and Standard & Poor's are used as per RBI guidelines.

As regards the coverage of exposures in India by external ratings as relevant for capital computation under Standardised Approach, the process needs to be popularized among the borrowers so as to take the benefit of capital relief available for better-rated customers. The borrowers need to consider the external rating as an opportunity for their business development, which would take some time.

Quantitative Disclosures

(₹. In Crore)

Classification	Exposure after Mitigation (EAM)	EAM covered under External Rating	Unrated
ADVANCES / INVESTMENT			
Below 100% risk weight	105911.09	14506.07	91405.03
100% risk weight	90538.57	14498.49	76040.08
More than 100% risk weight	15682.94	4778.16	10904.78
Deducted	0	0	0
TOTAL	**212132.60**	**33782.72**	**178349.89**
OTHER ASSETS			
Below 100% risk weight	20533.95	338.17	20195.78
100% risk weight	4276.48	0	4276.48
More than 100% risk weight	0	0	0
Deducted	0	0	0

Table DF – 6

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Qualitative Disclosures

Policy on Credit Risk Mitigation

In line with the regulatory requirements, the bank has put in place a well-articulated policy on collateral management and credit risk mitigation techniques duly approved by the bank's Board. The Policy lays down the type of securities normally accepted by the bank for lending and administration/ monitoring of such securities in order to safeguard /protect the interest of the bank so as to minimize the risk associated with it.

The main types of securities (both prime and collateral) accepted by the Bank includes Bank's own deposits, Gold/Ornaments, Kisan Vikas Patras, 10 year Social Security Certificates, Shares and Debentures, Central and State Govt. securities, Life Insurance Policies, Mutual Fund units, Immovable Properties, Plant and Machinery, Goods and Merchandise, Documents of Title to Goods, Book debts, Vehicles and other moveable assets etc. The bank has also framed a well-defined policy on valuation of immovable properties and Plant and Machineries duly approved by Board.

Credit Risk Mitigation under Standardised Approach

(a) Eligible Financial Collaterals

As advised by RBI, the Bank has adopted the comprehensive approach relating to credit risk mitigation under Standardised Approach, which allows fuller offset of securities (prime and collateral) against exposures, by effectively reducing the exposure amount by the value ascribed to the securities. Thus the eligible financial collaterals are fully made use of to reduce the credit exposure in computation of credit risk capital. In doing so, in line with RBI guidelines, the bank has recognized specific securities viz (a) cash/bank deposits (b) gold/ornaments (c) life insurance policies (d) kisan vikas patras (after a lock in period of 2 ½ years).

(b) On Balance Sheet Nettings

As per Bank's policy on utilization of the credit risk mitigation techniques and collateral management, on–balance sheet netting has been reckoned to the extent of deposits available against loans/advances of the borrower (maximum to the extent of exposure), where bank has legally enforceable netting arrangements involving specific lien with proof of documentation as prescribed by RBI. In such cases, the capital computation is done on the basis of net credit exposure.

(c) Eligible Guarantees

Other approved form of credit risk mitigation is availability of "Eligible Guarantees". In computation of credit risk capital, types of guarantees recognized as mitigation, in line with RBI guidelines are (a) Central Government (0%) (b) State Government (20%), (c) CGTSI (0%) (d) ECGC (20%) (e) Banks in the form of Bills Purchased/discounted under Letters of Credit (both domestic and foreign banks as per guidelines).

The bank has ensured compliance of legal certainty as prescribed by the RBI in the matter of credit risk mitigation.

Concentration risk in credit risk mitigation

Policies and process are in place indicating the type of mitigants the bank use for capital computation under the Standardised approach. All types of securities (financial collaterals) eligible for mitigation are easily realizable financial securities. As such, the bank doesn't envisage any concentration risk in credit risk mitigation used and presently no limit/ceiling has been prescribed for the quantum of each type of collateral under credit risk mitigation.

Quantitative Disclosures

(₹. In Crore)

For each separately disclosed credit risk portfolio, the exposure (after, where applicable, on or off balance sheet netting) that is covered by Eligible Financial Collateral after application of haircuts	265683.17
Domestic Sovereign	59310.03
Foreign Sovereign	1174.14
Public Sector Entities	12995.86
Banks – Schedule (INR)	14592.86
Foreign Bank claims in FCY	5103.67
Corporates	95228.35
Regulatory Retail Portfolio (RRP)	37748.32
Claims secured by Residential Property	4838.81
Claims secured by Commercial Real Estate	6056.26
Consumer Credit	7646.11
Capital Market Exposure	801.26
NBFC	3037.42
Venture Capital	121.71
Non Performing Assets – a) Housing Loan	48.63
Non Performing Assets – b) Others	5183.97
Other Assets – Staff Loans	929.00
Other Assets	4382.13
Restructured Accounts	6484.66

Quantitative Disclosures (₹. In Crore)

For each separately disclosed credit risk portfolio, the total exposure (after, where applicable, on or off balance sheet netting) that is covered by guarantees / Credit Derivatives (whenever specifically permitted by RBI)	12414.01
Public Sector Entities	4708.97
Corporates	6013.32
Regulatory Retail Portfolio (RRP)	1676.07
Restructured	10.65
Capital Market Exposure	4.99

Table DF 7

SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH

Qualitative Disclosures a) The general qualitative disclosure requirement with respect to securitisation, including a discussion of: • The bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities. • The nature of other risks (e.g. liquidity risk) inherent in securitized assets • The various roles played by the bank in securitisation process (for example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider, protection provider) and an indication of the extent of the bank's involvement in each of them; • A description of the processes in place to monitor changes in the credit and market risk of securitization exposures (for example, how the behaviour of the underlying assets impacts securitization exposures as defined in para 5.16.1 of the Master Circular of NCAF dated July 1, 2009); • A description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposure;	No securitisation for the year ended 31.03.2013
b) Summary of the bank's accounting policies for securitisation activities, including : • Whether the transactions are treated as sales or financings; • Methods and key assumptions (including inputs) applied in valuing positions retained or purchased. • Change in methods and key assumptions from the previous period and impact of the changes; • Policies for recognizing liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets;	
c) In the banking book, the names of ECAIs used for securitisations and the types of securitisation exposure for which each agency is used.	

Quantitative Disclosures in Banking Book d) Total amount of exposures securitised by the bank. e) For exposures securitised losses recognized by the Bank during the current period broken by the exposure type (e.g. Credit cards, Housing loans, auto loans, etc. detailed by underlying security) f) Amount of assets intended to be securitized within a year. g) Of (f), amount of assets originated within a year before securitization. h) The total amount of exposures securitized (by exposure type) and unrecognized gain or losses on sale by exposure type. i) Aggregate amount of securitisation exposures retained or purchased broken down by exposure type and off balance sheet securitization exposures broken down by exposure type. j) Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach. * Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from Total Capital (by exposure type).	Not applicable

Quantitative Disclosure: Trading Book	
k) Aggregate amount of exposures securitized by the bank for which the bank had retained sum exposures and which is subject to market risk approach, by exposure type.	
l) Aggregate amount of: • On-balance sheet securitisation exposures retained or purchased broken down by exposure type; and • Off-balance sheet securitiesation exposures broken down by exposure type.	
m) Aggregate amount of securitization exposures retained or purchased separately for: • Securitisation exposures retained or purchased subject to comprehensive Risk Measure for specific risk; and • Securitisation exposures subject to the securitization framework for specific risk broken down into different risk weight bands.	
n) Aggregate amount of: the capital requirements for the securitization exposures, subject to the securitization framework broken down into different risk weight bands. Securitization exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).	

Table DF – 8

Market Risk in Trading Book

Qualitative Disclosure

Market Risk

Market Risk is defined as the possibility of loss to a bank in on & off-balance sheet position caused by changes/movements in market variables such as interest rate, foreign currency exchange rate, equity prices and commodity prices. Bank's exposure to market risk arises from domestic investments (interest related instruments and equities) in trading book (Both AFS and HFT categories), the Foreign Exchange positions (including open position, if any, in precious metals) and trading related derivatives. The objective of the market risk management is to minimize the impact of losses on earnings and equity capital arising from market risk.

Policies for management of market risk

The bank has put in place Board approved Market Risk Management Policy and Asset Liability Management (ALM) Policy for effective management of market risk in the bank. Other policies which also deal with market risk management are Funds Management and Investment Policy, Derivative Policy, Risk Management Policy for forex operations and Stress Testing Policy. The market risk management policy lays down well defined organization structure for market risk management functions and processes whereby the market risks carried by the bank are identified, measured, monitored and controlled within the ALM framework, consistent with the Bank's risk tolerance. The policies set various risk limits for effective management of market risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The policies also deal with the reporting framework for effective monitoring of market risk.

The ALM policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, liquidity risk is managed through GAP analysis based on residual maturity/behavioral pattern of assets and liabilities on daily basis based on best available information data coverage as prescribed by RBI. The liquidity risk through Structural Liquidity statement was hitherto reported to RBI for domestic operation while the same was managed separately at each overseas center and placed to ALCO for control purpose in the past. However as per recent RBI circular from March 2013 onwards the liquidity risk is to be computed and submitted to RBI in rupee and foreign currency for domestic operations, overseas centers and consolidated for Bank operations at various frequencies.

The bank has put in place mechanism of short-term dynamic liquidity management and contingent funding plan. Prudential (tolerance) limits are prescribed for different residual maturity time buckets for efficient asset liability management. Liquidity profile of the bank is evaluated through various liquidity ratios. The bank has also drawn various contingent measures to deal with any kind of stress on liquidity position. Bank ensures adequate liquidity management by Domestic Treasury through systematic and stable funds planning.

Interest rate risk is managed through use of GAP analysis of rate sensitive assets and liabilities and monitored through prudential (tolerance) limits prescribed for global operations. The bank estimates earnings at risk for domestic operations and modified duration gap for global operations periodically for assessing the impact on Net Interest Income and Economic Value of Equity with a view to optimize shareholder value.

The Asset-Liability Management Committee (ALCO) / Board monitors adherence to prudential limits fixed by the Bank and determines the strategy in the light of the market conditions (current and expected) as articulated in the ALM policy. The mid-office monitors adherence to the prudential limits on a continuous basis.

Quantitative Disclosures

(b) In line with the RBI's guidelines, the Bank has computed capital for market risk as per Standardised Duration Approach of Basel-II framework for maintaining capital. The capital requirement for market risk as on 31.3.2013 in trading book of the bank is as under:

(₹. In Crore)

Type of Market Risk	Risk Weighted Asset (Notional)	Capital Requirement
Interest rate risk	5482.10	493.39
Equity position risk	2554.32	229.89
Foreign exchange risk	52.81	4.75
TOTAL	**8089.23**	**728.03**

Table DF – 9

Operational Risk

Qualitative Disclosures

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risk.

Policies on Management of Operational Risk

The bank has framed operational risk management policy duly approved by the Board. Other policies adopted by the Board which deal with management of operational risk are (a) Information Systems Security Policy (b) Forex Risk Management Policy (c) Policy document on know your customer (KYC) and Anti-Money Laundering (AML) procedures (d) IT Business continuity and Disaster Recovery Plan (IT_BC-DRP) (e) Compliance Policy and (f) Policy on outsourcing of Financial Services.

The operational risk management policy adopted by the Bank outlines organization structure and detailed processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management processes of the bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling or mitigating operational risk and by timely reporting of operational risk exposures including material operational losses. Operational risks in the bank are managed through comprehensive and well-articulated internal control framework.

The Bank has got embodied in its Book of Instructions well-defined systems and procedures for various operations. The bank has issued detailed guidelines for handling computerized operations and a system of EDP audit is in place to ensure adherence to the laid down systems and procedures. The Bank has clear guidelines as to the role functions of various levels of employees. A training system with provision for giving specialized training in credit /forex and other functional areas is in place. Conduct rules and service regulations for all the employees are also in place.

Various internal and external audit systems are in place to ensure that laid down systems and procedures are followed and timely actions are initiated for rectifying the deficiencies.

The Bank has put in place Compliance Policy duly approved by Board. In terms of the RBI guidelines on compliance functions in banks, the bank has established separate "Compliance Department" in C.O. independent of business group. Compliance officers are designated in each branch /department/office to monitor the level of compliance. The methodologies and system have been devised and put in place for assessment of level of compliance. Reporting systems on compliance function have been devised and put in place.

In line with the final guidelines issued by RBI, our bank is adopting the Basic Indicator Approach for computing capital for operational risk. As per the guidelines the banks must hold capital for operational risk equal to 15% of positive average annual gross income over the previous three years as defined by RBI

Quantitative Disclosures

(₹. In Crore)

Parameter	Capital amount	Notional Risk Weighted Assets
15% of positive average annual gross income over the previous 3 years as defined by RBI	810.88	9009.78

Table DF –10

Interest rate risk on the Banking Book

Qualitative Disclosures

Interest rate risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates may affect both the current earnings (earnings perspective) as also the net worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact on the Net Interest Income (NII) or Net Interest Margin. Similarly the risk from economic value perspective can be measured as drop in Economic Value of Equity.

The bank identifies the risks associated with the changing interest rates on its on-balance sheet and off-balance sheet exposures in the banking book from a short term (Earnings perspective) and long term Economic Value Perspective. The impact on income (Earnings Perspective) for domestic operations is measured through use of GAP analysis by applying notional rate shock up to 100bps as prescribed in the bank's ALM Policy over one year horizon. Prudential limits have been prescribed for such impacts as a percentage of Net Interest Income of the bank and the same is monitored periodically. For the calculation of impacts on earnings, the Traditional Gap Analysis for domestic operation is taken from the Rate Sensitivity Statement and based on the remaining period from the mid point of a particular bucket the impact for change in interest rate up to 100 bps is arrived at. The same is reported to Board and ALCO periodically along with the Rate

Sensitivity Statement. The limits are fixed on the basis of previous year's Net Interest Income (NII)

The bank has adopted traditional gap analysis combined with duration gap analysis for assessing the impact (as a percentage) on the Economic Value of Equity (Economic Value Perspective) on global operations by applying a notional interest rate shock of 200 bps over a time horizon of one year. For the purpose a limit of (+/-) 1.00% for modified duration gap is prescribed in the Bank's ALM policy and the position is monitored periodically.

The bank calculates Duration Gap and the impact on Economic Value of Equity on a monthly basis. Assets and liabilities are grouped as per rate sensitivity statement and bucket-wise modified duration is computed for these groups of Assets and Liabilities using common maturity, coupon and yield parameters. Wherever possible, the Modified Duraton is calculated on individual item wise. In case of non maturity deposits, the bank has conducted behavioural studies for a period of three years as prescribed by RBI to have a realistic assessment of the interest rate sensitivity.

The bank is computing the interest rate risk position in each currency applying the Duration Gap Analysis (DGA) and Traditional Gap Analysis (TGA) to the Rate Sensitive Assets (RSA)/ Rate Sensitive Liabilities (RSL) items in that currency, where either the assets, or liabilities are 5 per cent or more of the total of either the bank's global assets or global liabilities. . The interest rate risk positions in all other residual currencies are computed separately on an aggregate basis.

The quarterly returns are submitted within 21 days from the end of the quarter and monthly returns within 15 days from the end of the month to RBI as per guidelines.

Quantitative Disclosures

(b) The impact of changes of Net Interest Income (NII) and Economic Value of Equity (EVE) calculated as on 31.03.2013 by applying notional interest rate shocks as discussed above are as under

(₹. In Crore)

Change in Interest Rate	ALM Policy Limit for EaR	Earnings at Risk (EaR) 31.03.2013	
		Up to 1 year	Up to 5 years
0.25% change	150.48 (3% of NII of previous year)	115.94	77.93
0.50% change	300.96 (6% of NII of previous year)	231.88	155.87
0.75% change	451.44 (9% of NII of previous year)	347.82	233.80
1.00% change	601.92 (12% of NII of previous year)	463.76	311.74

ECONOMIC VALUE OF EQUITY	31.03.2013
Modified Duration Gap (DGAP)	0.0481%
Limit as per ALM Policy	(+/-)1.00%
Market value of Equity (MVE)	
For a 200 BPS Rate Shock the Drop in Equity Value	1.8229%

INDEPENDENT AUDITORS' REPORT

To

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of Indian Overseas Bank as at 31st March, 2013, which comprise the Balance Sheet as at March 31, 2013, and Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 20 branches audited by us and 1320 branches including 6 overseas branches audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from 1628 branches which have not been subjected to audit. These unaudited branches account for 12.71 per cent of advances, 22.64 per cent of deposits, 12.63 per cent of interest income and 11.24 per cent of interest expenses.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Banking Regulations Act 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:

(i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2013 in conformity with accounting principles generally accepted in India;

(ii) the Profit and Loss Account, read with the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India, for the year covered by the account; and

(iii) the Cash Flow Statement gives a true and fair view of the Cash Flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to :

   a) Note No.8 regarding amortization of pension and gratuity liability of Rs. 1005.21 crore over a period of 5 years from 31.3.2011.

   b) Note No. 3.6 regarding partial write off of secured portion of certain doubtful advances

   Our opinion is not qualified in respect of the above.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms “A” and “B” respectively of the Third Schedule to the Banking Regulation Act, 1949.

9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and subject also to the limitations of disclosure required therein, 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 purposes 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.

(c) The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit except for return of Singapore branch relating to security wise assets classification of the loans outstanding of Rs.8656.61 crore (secured by tangible assets Rs.3881.39 crore, covered by Bank Guarantee Rs.2346.20 crore and unsecured Rs.2429.02 crore) which was not certified by the Statutory Branch Auditor. We have relied upon this return as certified by branch management and internal auditor.

10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

For S R Mohan & Co
Chartered Accountants
FRN 002111S

(G.JAGADESWARA RAO)
Partner
M. No.021361

For Badari, Madusudhan & Srinivasan
Chartered Accountants
FRN 05389S

(N.K.MADHUSUDHAN)
Partner
M.No.020378

For B Thiagarajan & Co
Chartered Accountants
FRN 004371S

(B.THIAGARAJAN)
Partner
M.No.18270

For Sankar & Moorthy
Chartered Accountants
FRN 003575S

(A.MONY)
Partner
M. No. 028519

For P R Mehra & Co.
Chartered Accountants
FRN 000051N

(ASHOK MALHOTRA)
Partner
M No.082648

For Dass Khanna & Co
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No.083142

Place: Chennai
Date: 29.04.2013

इण्डियन ओवरसीज़ बैंक
Indian Overseas Bank

केन्द्रीय कार्यालय, 763, अण्णा सालै, चेन्नै 600 002
Central Office:763,Anna Salai, Chennai-600 002

29 अप्रैल, 2014

सेवा में
निदेशक मंडल
इण्डियन ओवरसीज़ बैंक

31.03.2014 को समाप्त 12 महीनों के लिए बैंक के वित्तीय विवरण स्टॉक एक्सचेंज के साथ सूचीबद्ध करार का खण्ड 49-V सीईओ /सीएफओ का प्रमाणीकरण

सूचीबद्ध करार के खण्ड 49 के अनुसार, हम प्रमाणित करते हैं कि:

क हमारी जानकारी और विश्वास के अनुसार हमने उक्त वर्ष के लिए वित्तीय विवरणों और नकद प्रवाह विवरण की समीक्षा की है :

1. इन विवरणों में कोई भी विवरण विषय की दृष्टि से गलत नहीं है या इनमें कोई भी तथ्य छोड़ा नहीं गया है या भ्रम पैदा करने वाले ब्योरे शामिल नहीं हैं ;
2. ये सभी विवरण बैंक के क्रियाकलापों की सत्य और सही स्थिति प्रस्तुत करते हैं और ये वर्तमान लेखाकरण मानकों, प्रभावी कानूनों और विनियमों के अनुसार हैं ।

ख हमारी जानकारी एवं विश्वास के अनुसार बैंक ने वर्ष के दौरान ऐसे कोई लेनदेन नहीं किए हैं जो धोखाधड़ीपूर्ण, गैरकानूनी हों या बैंक की आचार संहिता का उल्लंघन करते हों ।

ग हम वित्तीय रिपोर्टिंग के लिए आंतरिक नियंत्रण स्थापित करने और बनाए रखने की जिम्मेदारी लेते हैं तथा हमने वित्तीय रिपोर्टिंग से संबंधित बैंक की आंतरिक नियंत्रण प्रणाली की प्रभावकारिता का मूल्यांकन किया है और इन आंतरिक नियंत्रणों की रचना या परिचालन में यदि कोई कमियां हों, जिसकी जानकारी हमें है और उन्हें सुधारने के संबंध में हमारे द्वारा किए गए उपायों या प्रस्तावित उपायों की जानकारी हमने लेखापरीक्षकों और लेखापरीक्षा समिति को दी है ।

घ हमारी जानकारी और विश्वास के अनुसार हमने लेखापरीक्षकों और लेखापरीक्षा समिति को निम्नलिखित जानकारी दी है:

1. वर्ष के दौरान वित्तीय रिपोर्टिंग पर आंतरिक नियंत्रण में महत्वपूर्ण परिवर्तन किया जाना,
2. वर्ष के दौरान लेखाकरण नीतियों में हुए महत्वपूर्ण परिवर्तन और उन्हें वित्तीय विवरण के नोट्स में प्रकट किया गया और
3. महत्वपूर्ण धोखाधड़ियों की ऐसी घटनाएं जिनकी हमें जानकारी है और जिनमें प्रबंधन या कर्मचारी यदि कोई शामिल है जो वित्तीय रिपोर्टिंग पर बैंक की आन्तरिक नियंत्रण प्रणाली में महत्वपूर्ण भूमिका निभाता है।

(एस चोक्कलिंगम)
महा प्रबंधक एवं सीएफओ

(एम. नरेंद्र)
अध्यक्ष व प्रबंध निदेशक

29th April, 2014

To
THE BOARD OF DIRECTORS
INDIAN OVERSEAS BANK

Financial Statements of the Bank for the 12 months ended 31.03.2014 Clause 49-V of the Listing Agreement with the Stock Exchanges - CEO/CFO Certification

In terms of Clause 49 of the Listing Agreement, We certify that:

A. We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:

1. These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year, which are fraudulent, illegal or violative of the Bank's code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee the deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have, to the best of our knowledge and belief, indicated to the Auditors and the Audit Committee:

1. Significant changes in the internal control over financial reporting during the year;
2. Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Financial Statements and
3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Bank's internal control system over financial reporting.

[S. Chockalingam]
General Manager & CFO

[M.Narendra]
Chairman & Managing Director (CEO)

AUDITORS' CERTIFICATE

ON CORPORATE GOVERNANCE

To

The Shareholders of
Indian Overseas Bank
Chennai

We have examined the compliance of conditions of Corporate Governance by Indian Overseas Bank, Chennai for the year ended 31.03.2014, as stipulated in Clause 49 of the Listing Agreement of Indian Overseas Bank with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited procedures and implementation thereof, adopted by Indian Overseas Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of Indian Overseas Bank.

On the basis of records and documents maintained by the Bank, the information provided to us and according to the explanation given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per the records maintained by the Registrar and Share Transfer Agent.

We further state that such compliance is neither an assurance as to the future viability of the bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For Badari, Madhusudhan & Srinivasan
Chartered Accountants
FRN 005389S

(N. SRINIVASAN)
Partner
M.No. 027887

For B.Thiagarajan & CO
Chartered Accountants
FRN 004371S

(B. THIAGARAJAN)
Partner
M.No.018270

For Sankar & Moorthy
Chartered Accountants
FRN 003575S

(V.C. JAMES)
Partner
M.No.22565

For P.R.Mehra & CO
Chartered Accountants
FRN 000051N

(SWINDER KUMAR)
Partner
M.No. 014211

For Dass Khanna & CO
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No. 083142

Place: Chennai
Date: 29.04.2014

BALANCE SHEET AS AT 31.03.2014

(₹. in 000's)

	SCHEDULES	AS AT 31.03.2014	AS AT 31.03.2013
CAPITAL & LIABILITIES			
Capital	01	1235 34 83	924 09 53
Reserves and Surplus	02	14934 82 40	12533 26 16
Deposits	03	227976 08 66	202135 34 80
Borrowings	04	24456 03 60	23322 86 00
Other Liabilities & Provisions	05	6302 54 52	5740 46 98
TOTAL		**274904 84 01**	**244656 03 47**
ASSETS			
Cash & Balances with Reserve Bank of India	06	11735 09 75	9837 82 50
Balances with Banks and Money at Call and Short Notice	07	7273 68 03	5420 59 49
Investments	08	70236 79 96	61417 34 80
Advances	09	175887 76 68	160364 11 71
Fixed Assets	10	2604 37 71	1847 03 63
Other Assets	11	7167 11 88	5769 11 34
TOTAL		**274904 84 01**	**244656 03 47**
Contingent Liabilities	12	70262 78 40	71001 20 98
Bills for Collection		14017 39 08	12645 16 00
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules Form Part of the Balance Sheet

Vide our Report of Even Date

M. NARENDRA
Chairman & Managing Director

A.D.M. CHAVALI
Executive Director

ATUL AGARWAL
Executive Director

DIRECTORS
Dr. Alok Pande
Nirmal Chand
R. Sampath Kumar
J.D. Sharma
Niranjan Kumar Agarwal
Chinnaiah
S. Sujatha
A.B.D. Badushas
Ajit Vasant Sardesai
Prof. S. Sadagopan

Place: Chennai
Date: 29.04.2014

FOR BADARI, MADHUSUDHAN & SRINIVASAN
Chartered Accountants
FRN 005389S

(N. SRINIVASAN)
Partner
M.No. 027887

FOR B.THIAGARAJAN & CO
Chartered Accountants
FRN 004371S

(B. THIAGARAJAN)
Partner
M.No.018270

FOR SANKAR & MOORTHY
Chartered Accountants
FRN 003575S

(V.C. JAMES)
Partner
M.No.22565

FOR P.R.MEHRA & CO
Chartered Accountants
FRN 000051N

(SWINDER KUMAR)
Partner
M.No. 014211

FOR DASS KHANNA & CO
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No. 083142

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2014

(₹. in 000's)

	SCHEDULES	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
INCOME			
Interest earned	13	22683 73 38	20676 72 55
Other income	14	2169 34 39	1972 90 44
TOTAL		**24853 07 77**	**22649 62 99**
EXPENDITURE			
Interest expended	15	17106 91 53	15424 77 61
Operating expenses	16	3748 91 81	3407 84 37
Provisions & Contingencies (Net)		3395 50 29	3249 78 24
TOTAL		**24251 33 63**	**22082 40 22**
PROFIT / LOSS			
Net Profit for the year		601 74 14	567 22 77
Profit /Loss brought forward		0	0
TOTAL		**601 74 14**	**567 22 77**
APPROPRIATIONS			
Transfer to Statutory Reserve		150 50 00	141 90 00
Transfer to Revenue and Other Reserves		19 61 47	91 49
Transfer to Capital Reserve		63 43 81	54 61 15
Transfer to Special Reserve		200 00 00	155 00 00
Interim Dividend and Proposed Dividend (Including Dividend Tax)		168 18 86	214 80 13
Balance carried over to Balance Sheet		0	0
TOTAL		**601 74 14**	**567 22 77**
Basic & Diluted Earnings per share (₹.)		6.05	6.14
Nominal Value per Equity Share (₹.)		10.00	10.00

Schedules Form Part of the Profit & Loss Account

Vide our Report of Even Date

M. NARENDRA
Chairman & Managing Director

A.D.M. CHAVALI
Executive Director

ATUL AGARWAL
Executive Director

DIRECTORS
Dr. Alok Pande
Nirmal Chand
R. Sampath Kumar
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(RAKESH SONI)
Partner
M.No. 083142

Place: Chennai
Date: 29.04.2014

SCHEDULES

(₹. in 000's)

SCHEDULE - 1 CAPITAL	AS AT 31.03.2014	AS AT 31.03.2013
AUTHORISED CAPITAL		
300,00,00,000 Equity Shares of ₹.10/- each (Previous Year 300,00,00,000 Equity Shares of ₹.10/- each)	3000 00 00	3000 00 00
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
123,53,48,315 Equity Shares of ₹.10/- each (Includes 91,17,10,848 Shares of ₹.10/- each held by Government of India) Previous year 92,40,95,300 Equity Shares of ₹.10/- each (Includes 68,19,57,833 shares of ₹.10/- each held by Government of India)	1235 34 83	924 09 53

SCHEDULE - 2 RESERVES & SURPLUS	AS AT 31.03.2014	AS AT 31.03.2013
I. SHARE PREMIUM		
Opening balance	3558 33 50	2685 43 21
Add: Additions	1286 79 30	872 90 29
TOTAL -I	**4845 12 80**	**3558 33 50**
II. STATUTORY RESERVE		
Opening balance	2911 61 87	2769 71 87
Add: Additions	150 50 00	141 90 00
TOTAL -II	**3062 11 87**	**2911 61 87**
III. CAPITAL RESERVE		
A. Revaluation Reserve		
Opening Balance	1147 93 66	1141 25 82
Add: Additions	845 67 68	26 93 78
Less: Deductions / Depreciation *	179 70 77	20 25 94
TOTAL - A	**1813 90 57**	**1147 93 66**
B. On sale of Investments		
Opening Balance	910 60 61	856 81 35
Add: Additions	62 51 31	53 79 26
TOTAL - B	**973 11 92**	**910 60 61**
C. Others		
Opening Balance	151 87 87	151 00 70
Add: Additions *	1 01 26	87 17
TOTAL - C	152 89 13	151 87 87
TOTAL - III (A,B,C)	**2939 91 62**	**2210 42 14**
IV. REVENUE & OTHER RESERVES		
(i) Other Revenue Reserves		
Opening Balance	2716 67 41	2715 75 92
Add: Additions	19 61 47	91 49
Less: Deduction	175 72 21	0
TOTAL - (i)	**2560 56 67**	**2716 67 41**

SCHEDULES (Contd.) (₹. in 000's)

SCHEDULE - 2 RESERVES & SURPLUS	AS AT 31.03.2014	AS AT 31.03.2013
(ii) Special Reserve		
Opening balance	541 60 00	386 60 00
Add: Additions	200 00 00	155 00 00
TOTAL - (ii)	**741 60 00**	**541 60 00**
(iii) Investment Reserve Account		
Opening Balance	97 95 58	97 95 58
Add: Additions	0	0
Less: Deductions	0	0
TOTAL - (iii)	**97 95 58**	**97 95 58**
(iv) Foreign Currency Translation Reserve		
Opening balance	496 65 66	326 10 96
Add: Additions	190 88 20	170 54 70
Less: Deduction	0	0
TOTAL - (iv)	**687 53 86**	**496 65 66**
TOTAL - IV (i,ii,iii,iv)	**4087 66 11**	**3852 88 65**
V. PROFIT AND LOSS ACCOUNT	0	0
TOTAL (I, II , III, IV & V)	**14934 82 40**	**12533 26 16**

* Includes adjustment on account of conversion of figures relating to foreign branches at the rate of exchange as at 31.03.2014

SCHEDULE - 3 DEPOSITS	AS AT 31.03.2014	AS AT 31.03.2013
A. I. DEMAND DEPOSITS		
i) From Banks	42 74 34	43 30 96
ii) From Others	13980 00 07	13164 23 58
TOTAL - I	**14022 74 41**	**13207 54 54**
II. SAVINGS BANK DEPOSITS	**43743 71 40**	**40378 95 26**
III. TERM DEPOSITS		
i) From Banks	388 69 49	271 50 98
ii) From Others	169820 93 36	148277 34 02
TOTAL - III	**170209 62 85**	**148548 85 00**
TOTAL - A (I,II & III)	**227976 08 66**	**202135 34 80**
B. I) Deposits of branches in India	219730 70 35	195457 37 11
II) Deposits of branches outside India	8245 38 31	6677 97 69
TOTAL - B	**227976 08 66**	**202135 34 80**

SCHEDULES (Contd.) (₹. in 000's)

SCHEDULE - 4 BORROWINGS		AS AT 31.03.2014	AS AT 31.03.2013
I.	**BORROWINGS IN INDIA**		
	Reserve Bank of India	4175 00 00	1400 00 00
	Other Banks.	0	0
	Other Institutions & Agencies	2204 45 33	2596 44 39
	Innovative Perpetual Debt Instruments (IPDI)	780 00 00	780 00 00
	Hybrid Debt Capital Instruments issued as Bonds	2632 30 00	2632 30 00
	Subordinated Debt	3190 00 00	3390 00 00
	TOTAL (I)	**12981 75 33**	**10798 74 39**
II.	**BORROWINGS OUTSIDE INDIA**	**11474 28 27**	**12524 11 61**
	TOTAL (I & II)	**24456 03 60**	**23322 86 00**
III.	Secured borrowings included in I & II above	**6379 45 33**	**3996 44 39**

SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS		AS AT 31.03.2014	AS AT 31.03.2013
I.	Bills Payable	547 35 93	594 81 28
II.	Inter Office Adjustments (Net)	746 15 05	528 44 46
III.	Interest Accrued	584 78 18	543 43 37
IV.	Others (including provisions)	4424 25 36	4073 77 87
	TOTAL	**6302 54 52**	**5740 46 98**

SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA			AS AT 31.03.2014	AS AT 31.03.2013
I.	Cash on hand (including Foreign currency notes & ATM cash)		1111 94 23	1119 23 18
II.	Balances with Reserve Bank of India			
	i)	in Current Account	10623 15 52	8718 59 32
	ii)	in Other Accounts	0	0
		TOTAL	**11735 09 75**	**9837 82 50**

SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				AS AT 31.03.2014	AS AT 31.03.2013
I.	In India				
	i)	Balances with banks			
		a)	In Current Accounts	50 08 47	87 26 35
		b)	In Other Deposit Accounts	36 93 65	267 45 67
	ii)	Money at Call and Short Notice			
		a)	With banks	50 00 00	3310 00 00
		b)	With other institutions	5660 77 02	39 93 982
			TOTAL - I	**5797 79 14**	**4064 11 84**

SCHEDULES (Contd.) (₹. in 000's)

SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	AS AT 31.03.2014	AS AT 31.03.2013
II. Outside India		
a) In Current Accounts	282 97 23	429 51 71
b) In Other Deposit Accounts	969 42 36	771 78 06
c) Money at Call and Short Notice	223 49 30	155 17 88
TOTAL - II	**1475 88 89**	**1356 47 65**
TOTAL (I & II)	**7273 68 03**	**5420 59 49**

SCHEDULE - 8 INVESTMENTS	AS AT 31.03.2014	AS AT 31.03.2013
I. INVESTMENTS IN INDIA		
i) Government Securities	58941 11 42	54261 38 66
ii) Other Approved Securities	51 65 65	62 27 87
iii) Shares	1073 71 74	900 66 44
iv) Debentures and Bonds	4864 84 34	2441 50 19
v) Others		
Investments in Mutual Funds, Venture Capital Funds Certificate of Deposits and RIDF with NABARD	2080 58 96	1958 80 49
TOTAL - I	**67011 92 11**	**59624 63 65**
II. INVESTMENTS OUTSIDE INDIA*		
i) Government Securities (including Local Authorities)	2326 51 39	1157 33 27
ii) Subsidiaries and / or joint ventures abroad	193 20 09	186 30 63
iii) Others		
a. Shares	9 36	8 73
b. Debentures & Bonds	705 07 01	448 98 52
TOTAL - II	**3224 87 85**	**1792 71 15**
TOTAL (I & II)	**70236 79 96**	**61417 34 80**
Gross Investments in India	68005 84 79	60194 85 34
Less: Depreciation	993 92 68	570 21 69
Net Investments	67011 92 11	59624 63 65
Gross Investments Outside India*	3226 44 00	1795 14 39
Less: Depreciation	1 56 15	2 43 24
Net Investments	3224 87 85	1792 71 15
Total Net Investments	**70236 79 96**	**61417 34 80**

* includes adjustment on account of conversion of figures relating to foreign branches at the rate of exchange as at 31.03.2014

SCHEDULES (Contd.) (₹. in 000's)

SCHEDULE - 9 ADVANCES				AS AT 31.03.2014	AS AT 31.03.2013
A	i)	Bills Purchased & Discounted		5308 92 11	6075 04 93
	ii)	Cash Credits, Overdrafts and Loans repayable on demand		79462 81 17	74593 96 65
	iii)	Term Loans		91116 03 40	79695 10 13
		TOTAL		**175887 76 68**	**160364 11 71**
B	i)	Secured by Tangible Assets (includes advances against Book Debts)		149913 82 86	136832 27 93
	ii)	Covered by Bank/Government Guarantees		3291 58 59	6700 15 59
	iii)	Unsecured		22682 35 23	16831 68 19
		TOTAL		**175887 76 68**	**160364 11 71**
C.	I)	Advances in India			
		i)	Priority Sector	56359 33 44	49817 41 62
		ii)	Public Sector	20424 30 00	17086 15 40
		iii)	Banks	659 95 85	449 41 97
		iv)	Others	79994 24 69	73949 06 29
		TOTAL		**157437 83 98**	**141302 05 28**
	II)	Advances Outside India			
		i)	Due from Banks	543 54 59	397 89 77
		ii)	Due from Others		
			a) Bills Purchased & Discounted	3278 44 49	4323 12 00
			b) Syndicated Loans	6837 73 45	7097 56 30
			c) Others	7790 20 17	7243 48 36
		TOTAL		**18449 92 70**	**19062 06 43**
		TOTAL (C-I & C-II)		**175887 76 68**	**160364 11 71**

SCHEDULE - 10 FIXED ASSETS		AS AT 31.03.2014	AS AT 31.03.2013
I.	Premises		
	At cost / revalued amount as on 31st March of Previous Year	1718 05 55	1684 15 22
	Additions during the year *	880 74 02	33 90 33
		2598 79 57	1718 05 55
	Deductions during the year*	1 32 12	0
		2597 47 45	1718 05 55
	Depreciation to date	409 07 62	216 33 51
	TOTAL -I	**2188 39 83**	**1501 72 04**
II.	Capital work in progress	37 28 16	10 36 97
	TOTAL - II	**37 28 16**	**10 36 97**

SCHEDULES (Contd.) (₹. in 000's)

SCHEDULE - 10 FIXED ASSETS		AS AT 31.03.2014	AS AT 31.03.2013
III.	Other Fixed Assets (including Furniture & Fixtures)		
	At cost as on 31st March of Previous Year	1188 11 86	1015 60 79
	Additions during the year *	186 51 43	203 87 73
		1374 63 29	1219 48 52
	Deductions during the year*	23 22 58	31 36 66
		1351 40 71	1188 11 86
	Depreciation to date	972 70 99	853 17 24
	TOTAL - III	**378 69 72**	**334 94 62**
	TOTAL (I, II & III)	**2604 37 71**	**1847 03 63**

* Includes adjustment on account of conversion of figures relating to foreign branches at the rate of exchange as at 31.03.2014

SCHEDULE - 11 OTHER ASSETS		AS AT 31.03.2014	AS AT 31.03.2013
i)	Inter Office Adjustments (Net)	0	0
ii)	Interest Accrued	2640 21 38	2334 97 16
iii)	Tax paid in advance / Tax deducted at source	1734 74 43	1770 73 30
iv)	Stationery & Stamps	10 68 78	9 54 13
v)	Non Banking Assets acquired in satisfaction of claims	211 55 39	211 55 39
vi)	Others	2569 91 90	1442 31 36
	TOTAL	**7167 11 88**	**5769 11 34**

SCHEDULE - 12 CONTINGENT LIABILITIES		AS AT 31.03.2014	AS AT 31.03.2013
i)	Claims against the Bank not acknowledged as debts	40 61 36	41 95 84
ii)	Liability for partly paid investments	11 60	11 60
iii)	Liability on account of outstanding forward exchange contracts	21248 68 37	24178 57 75
iv)	Guarantees given on behalf of constituents		
	a) In India	18432 59 85	17423 50 67
	b) Outside India	971 18 26	967 59 62
v)	Acceptances, Endorsements &Other obligations	20564 31 27	18255 47 11
vi)	Other items for which the bank is contingent liable	9005 27 69	10133 98 39
		70262 78 40	**71001 20 98**

SCHEDULES (Contd.) (₹. in 000's)

SCHEDULE - 13 INTEREST EARNED		Year Ended 31.03.2014	Year Ended 31.03.2013
i)	Interest / discount on advances / bills	17282 44 41	15909 43 09
ii)	Income on investments	4990 20 36	4372 29 40
iii)	Interest on Balances with Reserve Bank of India and Other Inter-Bank Funds	370 90 23	286 94 22
iv)	Others	40 18 38	108 05 84
	TOTAL	**22683 73 38**	**20676 72 55**

SCHEDULE - 14 OTHER INCOME		Year Ended 31.03.2014	Year Ended 31.03.2013
i)	Commission, Exchange and Brokerage	929 06 56	895 33 09
ii)	Profit on Sale of Investments (Net)	488 80 37	311 41 88
iii)	Loss on Revaluation of Investments (Net)	-104 51 32	-68 34 69
iv)	Profit on sale of land,buildings	1 86 84	1 61 63
v)	Profit on exchange transactions (Net)	274 33 02	288 22 71
vi)	Miscellaneous Income	579 78 92	544 65 82
	TOTAL	**2169 34 39**	**1972 90 44**

SCHEDULE - 15 INTEREST EXPENDED		Year Ended 31.03.2014	Year Ended 31.03.2013
i)	Interest on Deposits	15408 82 53	13872 98 31
ii)	Interest on Reserve Bank of India / Inter-Bank Borrowings	1697 57 13	1551 71 70
iii)	Others	51 87	7 60
	TOTAL	**17106 91 53**	**15424 77 61**

SCHEDULE - 16 OPERATING EXPENSES		Year Ended 31.03.2014	Year Ended 31.03.2013
i)	Payments to and provisions for employees	2362 61 47	2248 34 95
ii)	Rent, Taxes and Lighting	330 41 28	307 83 60
iii)	Printing and Stationery	26 88 61	23 62 11
iv)	Advertisement and Publicity	27 01 31	29 82 90
v)	Depreciation on Bank's property (Net of depreciation transferred from Revaluation Reserve)	141 31 60	126 59 20
vi)	Directors' fees, allowances and expenses	1 39 43	1 46 06
vii)	Auditors' fees and expenses (including Branch auditor's Fees and Expenses)	32 72 28	23 24 01
viii)	Law charges	9 01 22	5 79 20
ix)	Postages, telegrams, telephones, etc.	55 77 31	45 30 43
x)	Repairs and Maintenance	11 90 15	11 34 20
xi)	Insurance	232 06 69	190 36 69
xii)	Other Expenditure	517 80 46	394 11 02
	TOTAL	**3748 91 81**	**3407 84 37**

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

1.1 The financial statements have been prepared under the historical cost convention unless otherwise stated. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions, regulatory / Reserve Bank of India (RBI) guidelines, Accounting Standards / Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) and practices prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in respective of foreign countries are complied with.

Use of Estimates

1.2 The preparation of financial statements requires the Management to make estimates and assumptions which are considered in the reported amounts of assets and liabilities (including Contingent Liabilities) as of the date of the financial statements and reported income and expense for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. Revenue Recognition and Expense Accounting

2.1 Income is recognized on accrual basis on performing assets and on realization basis in respect of non-performing assets as per the prudential norms prescribed by Reserve Bank of India. Recovery in Non Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts and accounts under One Time Settlement, where it would be appropriated towards principal.

2.2 Interest on bills purchased/Mortgage Backed Securities, Commission (except on Letter of Credit/Letter of Guarantee/Government Business), Exchange, Locker Rent and Dividend are accounted for on realization basis.

2.3 Income from consignment sale of precious metals is accounted for as Other Income after the sale is complete.

2.4 Expenditure is accounted for on accrual basis, unless otherwise stated.

2.5 In case of matured Overdue Term Deposits, interest is accounted for as and when deposits are renewed. In respect of Inoperative Savings Bank Accounts, unclaimed Savings Bank accounts and unclaimed Term Deposits, interest is accrued as per RBI guidelines.

2.6 Legal expenses in respect of Suit Filed Accounts are charged to Profit and Loss Account. Such amount when recovered is treated as income.

2.7 In respect of foreign branches, Income and Expenditure are recognized / accounted for as per local laws of the respective countries.

3. Foreign Currency Transactions

3.1 Accounting for transactions involving foreign exchange is done in accordance with Accounting Standard (AS) 11, “The Effects of Changes in Foreign Exchange Rates”, issued by The Institute of Chartered Accountants of India.

3.2 Transactions in respect of Treasury(Foreign):

a) Foreign Currency transactions except foreign currency deposits and lending are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction. Foreign Currency deposits and lendings are initially accounted at the then prevailing FEDAI weekly average rate.

b) Closing Balances in NOSTRO and ACU Dollar accounts are stated at closing rates. All foreign currency deposits and lendings including contingent liabilities are stated at the FEDAI weekly average rate applicable for the last week of each quarter. Other assets, liabilities and outstanding forward contracts denominated in foreign currencies are stated at the rates on the date of transaction.

c) The resultant profit or loss on revaluation of all assets, liabilities and outstanding forward exchange contracts including contingent liabilities at year-end exchange rates advised by FEDAI is taken to revenue with corresponding net adjustments to “Other Liabilities and Provisions / Other Asset Account” except in case of NOSTRO and ACU Dollar accounts where the accounts stand adjusted at the closing rates.

d) Income and expenditure items are translated at the exchange rates ruling on the date of incorporating the transaction in the books of accounts.

3.3 Translation in respect of overseas branches:

a) As stipulated in Accounting Standard 11, all overseas branches are treated as Non Integral Operations.

b) Assets and Liabilities (including contingent liabilities) are translated at the closing spot rates notified by FEDAI at the end of each quarter.

c) Income and Expenses are translated at quarterly average rate notified by FEDAI at the end of each quarter.

d) The resulting exchange differences are not recognized as income or expense for the period but accumulated in a separate account “Foreign Currency Translation Reserve” till the disposal of the net investment.

4. Investments

4.1 Investments in India are classified into "Held for Trading", "Available for Sale" and "Held to Maturity" categories in line with the guidelines from Reserve Bank of India. Disclosures of Investments are made under six classifications viz.,

a) Government Securities

b) Other Approved securities including those issued by local bodies,

c) Shares,

d) Bonds & Debentures,

e) Subsidiaries /Joint Ventures,

f) Units of Mutual Funds and Others.

4.2 Interest on Investments where interest/principal is in arrears for more than 90 days and income from Units of Mutual Funds, is recognized on realisation basis as per prudential norms.

4.3 Valuation of Investments is done in accordance with the guidelines issued by Reserve Bank of India as under:

4.3.1. Individual securities under "Held for Trading" and "Available for Sale" categories are marked to market at quarterly intervals. Central Government Securities are valued at market rates declared by FIMMDA. Securities of State Government, other Approved Securities and Bonds & Debentures are valued as per the yield curve, credit spread rating-wise and other methodologies suggested by FIMMDA. Quoted equity shares are valued at market rates, unquoted equity shares and units of Venture Capital Funds are valued at book value /NAV ascertained from the latest available balance sheets, otherwise the same are valued at Re. 1/- per company / Fund.

Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost. Units held in Mutual fund schemes are valued at Market Price or Repurchase price or Net Asset Value in that order depending on availability.

Valuation of Preference shares is made on YTM basis with appropriate markup over the YTM rates for Central Government Securities put out by the PDAI/FIMMDA periodically.

Based on the above valuations under each of the six classifications, net depreciation, if any, is provided for and net appreciation, if any, is ignored. Though the book value of individual securities would not undergo any change due to valuation, in the books of account, the investments are stated net of depreciation in the balance sheet.

4.3.2. "Held to Maturity": Such investments are carried at acquisition cost/amortised cost. The excess, if any, of acquisition cost over the face value of each security is amortised on an effective interest rate method, over the remaining period of maturity. Investments in subsidiaries, associates and sponsored institutions and units of Venture capital funds are valued at carrying cost.

4.4 Investments are subject to appropriate provisioning / de -recognition of income, in line with the prudential norms prescribed by Reserve Bank of India for NPA classification. Bonds and Debentures in the nature of advances are also subject to usual prudential norms and accordingly provisions are made, wherever applicable.

4.5 Profit/Loss on sale of Investments in any category is taken to Profit and Loss account. In case of profit on sale of investments in "Held to Maturity" category, profit net of taxes is appropriated to "Capital Reserve Account".

4.6 Broken period interest, Incentive / Front-end fees, brokerage, commission etc. received on acquisition of securities are taken to Profit and Loss account.

4.7 Repo / Reverse Repo transactions are accounted as per RBI guidelines.

4.8 Investments held by overseas branches are classified and valued as per guidelines issued by respective overseas Regulatory Authorities.

5. Advances

5.1 Advances in India have been classified as 'Standard', 'Sub-standard', 'Doubtful' and 'Loss assets' and provisions for losses on such advances are made as per prudential norms issued by Reserve Bank of India from time to time. In case of overseas branches, the classification and provision is made based on the respective country's regulations or as per norms of Reserve Bank of India whichever is higher.

5.2 Advances are stated net of provisions except general provisions for standard advances.

6. Derivatives

6.1 The Bank enters into Derivative Contracts in order to hedge interest bearing assets/ liabilities, and for trading purposes.

6.2 In respect of derivative contracts which are entered for hedging purposes, the net amount receivable/ payable is recognized on accrual basis. Gains or losses on termination on such contracts are deferred and recognized over the remaining contractual life of the derivatives or the remaining life of the assets/ liabilities, whichever is earlier. Such derivative contracts are marked to market and the resultant gain or loss is not recognized, except where the derivative contract is designated with an asset/ liability which is also marked to market, in which case, the resulting gain or loss is recorded as an adjustment to the market value of the underlying asset/ liability.

6.3 Derivative contracts entered for trading purposes are marked to market as per the generally accepted practices prevalent in the industry and the changes in the market value are recognized in the profit and loss account. Income and expenses relating to these contracts are recognized on the settlement date. Gain or loss on termination of the trading derivative contracts are recorded as income or expense.

7. Fixed Assets

7.1 Fixed Assets except revalued premises are stated at historical cost.

7.2 Depreciation is provided on straight-line method at the rates considered appropriate by the Management as under:

Premises	2.50%
Furniture	10%
Electrical Installations, Vehicles & Office Equipments	20%
Computers	33 1/3 %
Fire Extinguishers	100%

Depreciation on revalued portion of the fixed assets is withdrawn from revaluation reserve and credited to profit and loss account.

7.3 Depreciation is provided for the full year irrespective of the date of acquisition / revaluation.

7.4 Depreciation is provided on Land and Building as a whole where separate costs are not ascertainable.

7.5 In respect of leasehold properties, premium is amortised over the period of lease.

7.6 Depreciation on Fixed Assets of foreign branches is provided as per the applicable laws/practices of the respective countries.

8. Staff Benefits

8.1 Contribution to Provident Fund is charged to Profit and Loss Account.

8.2 Provision for gratuity and pension liability is made on actuarial basis and contributed to approved Gratuity and Pension Fund. Provision for encashment of accumulated leave payable on retirement or otherwise is based on actuarial valuation at the year-end. However, additional liability accrued during the year on account of Re-opening of pension option and enhancement of Gratuity limit is being amortised over a period of five years.

8.3 In respect of overseas branches gratuity is accounted for as per laws prevailing in the respective countries.

9. Tax on Income

This comprises provision for current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income & taxable income for the period) as determined in accordance with Accounting Standard 22 of ICAI, "Accounting for taxes on income". Deferred tax is recognized subject to consideration of prudence in respect of items of income and expenses those arise at one point of time and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change.

10. Earning per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, "Earnings Per Share", issued by The Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net profit for the year by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

11. 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 exceed their estimated recoverable amount.

12. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets, if any, are not recognized or disclosed in the financial statements.

SCHEDULE 18

NOTES ON ACCOUNTS

1. **Reconciliation**

Reconciliation of Inter Bank and Inter Branch transactions has been completed up to 31.3.2014 and steps for elimination of outstanding entries are in progress. The management does not anticipate any material consequential effect on reconciliation / elimination of outstanding entries.

2. **Investments**

2.1 In accordance with the Reserve Bank of India (RBI) guidelines, the Investments Portfolio of the Bank (domestic) has been classified into three categories, as given below: -

Category	Gross Book Value (₹. In Crore)		Percentage to Total Investments (%)	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Held to Maturity	49408.91	44504.46	72.65	73.93
Available for Sale	18521.72	15389.06	27.24	25.57
Held for Trading	75.22	301.33	0.11	0.50

2.2 SLR Securities under "Held to Maturity" accounted for 21.69% (previous year 22.92%) of Bank's Demand and Time liabilities as at the end of March 2014, as against the ceiling of 24.50% stipulated by RBI.

2.3 In respect of Held to Maturity category of Investments, premium of ₹. 81.26 crore was amortised during the year (Previous year ₹. 57.52 crore).

2.4 Securities of face value for ₹. 1050 crores (previous year ₹. 450 crore) towards Settlement Guarantee Fund and securities for ₹. 9455 crore (previous year ₹. 8455 crore) towards collateral for borrowing under Collateralised Borrowing and Lending Obligations have been kept with Clearing Corporation of India Limited. We have placed securities of face value ₹. 3000 crore with RBI for intraday borrowing. We have also placed securities to the extent of ₹. 10350 crore (including MSF of ₹. 4342 crores) with Reserve Bank of India for our borrowing under the LAF window. Besides, a sum of ₹. 15 crore (previous year ₹. 15 crore) have been lodged with CCIL towards Default Fund for forex operations.

2.5 Shares under Investments in India in Regional Rural Banks is ₹. 222.04 crore (Previous year ₹. 222.04 crore) includes amount towards share capital Deposits.

2.6 The Bank sold Government Securities from HTM category during the year, both outright and under RBI's Open Market Operations (OMO). The total notified amount of buy back was ₹. 81000 crore (previous year ₹. 138000 crore). The extent of sale by the Bank was ₹. 2987.03 crore (previous year ₹. 4430 crore), book value (BV) and earned a profit of ₹. 120.62 crore (previous year ₹. 34.55 crore).

2.7 On the settlement date of 15.04.2013 there was a SGL bouncing, due to technical reasons, attracting default charges of 0.03 crores from CCIL (without any monetary penalty by RBI).

3. **Advances**

3.1 The Classification for advances and provisions for possible loss has been made as per prudential norms issued by Reserve Bank of India.

3.2 Claims pending settlement and claims yet to be lodged with Guarantee Institutions identified by the branches have been considered for provisioning requirements on the basis that such claims are valid and recoverable.

3.3 In assessing the realisability of certain advances, the estimated value of security, Central Government guarantees etc. have been considered for the purpose of asset classification and income recognition.

3.4 The classification of advances, as certified by the Branch Managers have been incorporated, in respect of unaudited branches.

3.5 In terms of Reserve Bank of India Circular No. DBOD No. BP.95/21.04.048/2013-14 dt. February 7, 2014, the Bank has utilized ₹. 324.20 crores (33%) of floating provision/ countercyclical provisioning buffer of ₹. 988.42 Crore held as on March 31, 2013, for meeting specific provisions for Non-performing Assets during the year ended March 31, 2014.

4. **Fixed Assets**

4.1 During the year 2013-14, land and buildings in India, were revalued through approved valuers and ₹. 844.94 crore added to the carrying value of assets on account of such revaluation.

4.2 Profit on Sale of Assets for ₹. 1.87 crore (previous year ₹. 0.82 crore), has been appropriated to Capital Reserve.

5. **Rupee Interest Rate Swap**

An amount of ₹. 2.33 crore (previous year ₹. 3.83 crore) is held kept on deferred income on account of gains on termination of Rupee Interest Rate Swaps taken for hedging and would be recognized over the remaining contractual life of swap or life of the assets/liabilities, whichever is earlier.

6. **Capital and Reserves:**

6.1 During the Financial Year 2013-14, Bank has issued 22,97,53,015 Equity Shares, of face value ₹. 10/- each, at the rate of ₹. 52.23 per equity share (including premium of ₹. 42.23 per equity share) aggregating to ₹. 1199,99,99,973.45 (Rupees one thousand one Hundred and ninety nine crore ninety nine lac ninety nine thousand nine hundred and seventy three and paise forty five only) on 18.12.2013 to Government of India on Preferential Basis and 8,15,00,000 Equity shares, of face value ₹. 10/- each, at the rate of ₹. 48.84 per equity share (including premium of ₹. 38.84 per equity share) aggregating to ₹. 398,04,60,000 (Rupees three hundred and ninety eight crore four lac sixty thousand only)on 10.03.2014 to Life Insurance Corporation of India on Preferential Basis. Hence, the Paid-up Capital of the bank has increased from ₹. 924.10 crore to ₹. 1235.35 crore and Government of India's shareholding has increased from ₹. 681.96 crore (73.80%) to ₹. 911.71 crore (73.80%), retaining their holding level at 73.80% as on 31.03.2014.

6.2 The Bank has not raised Tier II capital during the current year or in the previous year.

6.3 The Bank has created a deferred tax liability for Rs 175.72 crore, by debiting general reserve, during the current financial year, on special reserve created under section 36(1)(viii) of Income tax Act, 1961 in compliance with RBI circular DBOD No BP.BC.72/21.04.018/2013-14 dated 20.03.2014.

7. **Taxes**

7.1 Taking into consideration the decisions of Appellate Authorities, judicial pronouncements and the opinion of tax experts, no provision is considered necessary in respect of disputed and other demands of income tax aggregating ₹. 280.43 crore (previous year ₹. 1208.42 crore).

7.2 Tax expense for the year is ₹. 241.30 crore (Previous year ₹. 180.25 crore).

8. Unamortised Pension and Gratuity Liability

On the reopening of pension to employees of Public Sector Banks and enhancement of Gratuity limits, the Bank incurred a liability of ₹. 1005.21 crore in 2010-11. In terms of requirement of Accounting Standard (AS 15) "Employee Benefits", the entire amount of ₹. 1005.21 crore is required to be charged to Profit and Loss Account.

In terms of Reserve Bank of India circular No.DBOD. BP.BC.80/21.04.018/2010-11, on Reopening of Pension Option to employees of Public Sector Banks and enhancement in Gratuity limits – Prudential Regulatory Treatment, dated 09.02.2011, Bank would amortise the amount of ₹. 1005.21 crore over a period of 5 years from 31.3.2011. Accordingly, ₹. 201.04 crore (previous year ₹. 201.04 crore) has been charged to Profit and Loss Account for the year 2013-14 and the balance amount of ₹. 201.05 crore has been carried over. Had the RBI not issued such a circular, the Revenue Reserves of the Bank would have been lower by ₹. 201.05 crore pursuant to application of the requirements of AS-15.

9. Information relating to vendors registered under Micro, Small and Medium Enterprises Development Act, 2006 and from whom goods and services have been procured by the Bank, is being ascertained.

ADDITIONAL DISCLOSURES

In accordance with the guidelines issued by Reserve Bank of India vide Master Circular dated 01.07.2013, the following additional disclosures are made:-

10. Capital:

(₹. In Crore)

S.No.	Particulars	2013-14		2012-13	
		Basel III	Basel II	Basel I	Basel II
i)	Common Equity Tier 1 Capital Ratio (%)	7.18%			
ii)	Tier I Capital (%)	7.47%	7.63%	7.07%	7.80%
iii)	Tier 2 Capital (%)	3.31%	3.52%	3.67%	4.05%
iv)	Total Capital Ratio (CRAR) %	10.78%	11.15%	10.74%	11.85%
v)	Percentage of the shareholding of the Government of India	73.80%		73.80%	
vi)	Amount of Equity Capital raised	1598.04		1000.00	
vii)	Amount of Additional Tier 1 raised	Nil		Nil	
vii)	Amount of Tier 2 capital raised	Nil		Nil	

11. Investments

11.1 Value of Investments

(₹. In Crore)

	Particulars		31.3.2014	31.3.2013
i)	Gross Value of Investments			
	a)	In India	68005.85	60194.85
	b)	Outside India	3226.44	1795.14
ii)	Provisions for Depreciation			
	a)	In India	993.92	570.22
	b)	Outside India	1.56	58.69
(iii)	Net value of Investments			
	a)	In India	67011.93	59624.63
	b)	Outside India	3224.88	1736.45

11.2 Movement of Provisions held towards depreciation on Investments

(₹. In Crore)

	2013-14	2012-13
Opening Balance	628.91	363.96
Add: Provisions made during the year	453.53	175.10
Less: Write-back / Adjustments during the year	86.95	(89.85)
Closing Balance	995.49	628.91

11.3 Repo transactions (in face value terms)

(₹. in Crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year		Outstanding as on March 31	
	13-14	12-13	13-14	12-13	13-14	12-13	2014	2013
Securities sold under Repo								
i) Government securities	21.30	4.85	51.98	4.85	1.20	0.01	Nil	Nil
ii) Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Securities Purchased under reverse Repo								
i) Government securities	4.66	5.08	9.36	1698.78	0.05	179.26	Nil	Nil
ii) Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

11.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments

(₹. In Crore)

No	Issuer	Amount	Extent of Private Placement	Extent of 'Below investment grade' securities	Extent of 'Unrated' securities	Extent of 'Unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	3321.98	3237.18	0.00	0.00	0.62
(ii)	FIs	1471.32	1447.46	0.00	0.00	9.06
(iii)	Banks	1291.76	1199.29	0.00	0.00	0.00
(iv)	Private Corporates	1527.34	1626.17	69.63	45.95	9.59
(v)	Subsidiaries / Joint Ventures	193.20	0.00	0.00	0.00	0.00
(vi)	Others	1111.91	531.75	0.00	135.37	39.50
(vii)	Provision held towards depreciation	651.58	**XXX**	**XXX**	**XXX**	**XXX**
	Total	**9569.09**	**8041.85**	**69.63**	**181.32**	**58.77**

11.5 Non Performing Non SLR Investments (₹. In Crore)

Particulars	Amount
Opening Balance as on 1st April 2013	57.60
Additions during the year since 1st April	86.09
Reductions during the above period	-
Closing Balance as on 31st March 2014	143.69
Total Provisions held	50.60

11.6 Sale and Transfers to/from HTM Category (₹. In Crore)

Particulars	Amount
Market Value of the investments held in the HTM Category	NIL
Excess of book value over market value for which provision is not made.	Not Applicable

12. DERIVATIVES

12.1 Forward Rate Agreement / Interest Rate Swap (₹. In Crore)

PARTICULARS		2013-14			2012-13		
		Rupee Exposure	FX Exposure	Total	Rupee Exposure	FX Exposure	Total
i)	The notional principal of swap agreements	823.00	6356.94	7179.94	998.00	5769.68	6767.68
ii)	Losses which would be incurred if counter-parties failed to fulfill their obligations under the agreements	0.40	179.61	180.01	0.59	246.17	246.76
iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil	Nil	Nil	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	Nil	Nil	Nil	Nil	Nil	Nil
v)	The fair value of the swap book	-22.54	179.61	179.61	-7.49	246.17	238.68

12.2 Exchange Traded Interest Rate Derivatives (₹. In Crore)

S. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2014	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil

12.3 DISCLOSURES ON RISK EXPOSURE IN DERIVATIVES

12.3.1 Qualitative Disclosure

Treasury (Foreign)

The Bank uses Interest Rate Swaps (IRS), Currency Swaps and Options for hedging purpose to mitigate interest rate risk and currency risk in banking book. The Bank also offers these products to corporate clients to enable them to manage their own currency and interest rate risk. Such transactions are entered only with Clients and Banks having agreements in place.

a) The Risk Management Policy of the Bank allows using of derivative products to hedge the risk in Interest/ Exchange rates that arise on account of overseas borrowing/FCNR(B) portfolio/the asset liability mis-match, for funding overseas branches etc., and also to offer derivative products on back- to- back basis to customers.

b) The Bank has a system of evaluating the derivatives exposures separately and placing appropriate credit lines for execution of derivative transactions duly reckoning the Net Worth and security backing of individual clients.

c) The Bank has set in place appropriate control systems to assess the risks associated in using derivatives as hedge instruments and proper risk reporting systems are in place to monitor all aspects relating to derivative transactions. The Derivative transactions were undertaken only with banks and counterparties well within their respective exposure limit approved by appropriate credit sanctioning authorities for each counter party.

d) The Bank has set necessary limits in place for using derivatives and its position is continuously monitored.

e) The Bank has a system of continuous monitoring and appraisal of resultant exposures across the administrative hierarchy for initiation of necessary follow up actions.

f) Derivatives are used by the Bank to hedge the Bank's Balance sheet and offered to select corporate clients on back-to-back basis. In respect of hedge transactions the value and maturity of hedges has not exceeded that of the underlying exposure. In respect of back-to-back transactions the transactions with clients are fully matched with counter party Bank transactions and there is no uncovered exposure.

g) The income from such derivatives are amortized and taken to Profit and Loss Account on accrual basis over the life of the contract. In case of early termination of swaps undertaken for Balance Sheet management, income on account of such gains would be recognized over the remaining contractual life of the swap or life of the assets/liabilities whichever is lower. In case of early termination of derivatives undertaken for customers on a back- to- back basis, income on account of such things will be recognized on termination.

h) All the hedge transactions are accounted on accrual basis. Valuations of the outstanding contracts are done on Mark to Market basis. The Bank has duly approved Risk Management and Accounting procedures for dealing in Derivatives.

i) The derivative transactions are conducted in accordance with the extant guidelines of Reserve Bank of India.

Treasury (Domestic)

The Bank uses Rupee Interest Rate Swaps (IRS) for hedging purpose to mitigate interest rate risk in Govt. Securities and to reduce the cost of Subordinated Debt and term deposits. In addition, the Bank also enters into rupee interest rate swaps for trading purposes as per the policy duly approved by the Board. Swap transactions are entered only with Banks having ISDA agreements in place.

a) The Bank has put in place an appropriate structure and organization for management of risk, which includes Treasury Department, Asset Liability Management Committee and Risk Management Committee of the Board.

b) Derivative transactions carry Market Risk (arising from adverse movement in interest rates), Credit risk (arising from probable counter party failure), Liquidity risk (arising from failure to meet funding requirements or execute the transaction at a reasonable price), Operational risk, Regulatory risk and Reputation risk. The Bank has laid down policies, set in place appropriate control systems to assess the risks associated in using derivatives and proper risk reporting and mitigation systems are in place to monitor all risks relating to derivative transactions. The IRS transactions were undertaken with only Banks as counter party and well within the exposure limit approved by the Board of Bank for each counter party.

c) Derivatives are used by the Bank for trading and hedging. The Bank has an approved policy in force for derivatives and has set necessary limits for the use of derivatives and the position is continuously monitored. The value and maturity of the hedges which are used only as back to back or to hedge Bank's Balance Sheet has not exceeded that of the underlying exposure.

d) The accounting policy for derivatives has been drawn up in accordance with RBI guidelines, as disclosed in Schedule 17 – Significant Accounting Policies (Policy No.6)

12.3.2 Quantitative Disclosures

(₹. In Crore)

S. No.	PARTICULARS	CURRENCY DERIVATIVES	INTEREST RATE DERIVATIVES
(i)	Derivatives (Notional Principal Amount) For Hedging For Trading	 1319.16 114.5	 723 100
(ii)	Marked to Market Positions Asset (+) Liability (-)	 69.70 1.51	 0.40 22.94
(iii)	Credit Exposure	168.38	8.23
(iv)	Likely impact of one percentage change in interest rate (100*PV01) on hedging derivatives on trading derivatives	 17.49 1.93	 17.73 3.40
(v)	Maximum and Minimum of 100*PV01 observed during the year on hedging on trading	 Maximum 33.1 Minimum 17.49 Maximum 3.11 Minimum 1.93	 Maximum 17.73 Minimum 12.98 Maximum 3.40 Minimum 2.71

13. ASSET QUALITY:

13.1.1 Non-Performing Assets (NPAs) (₹. In Crore)

		2013-14	2012-13
i)	Net NPAs to Net Advances (%)	3.20	2.50
ii)	Movement of NPAs (Gross)		
	a) Opening Balance	6607.96	3920.07
	b) Additions during the year	6902.40	5600.61
	c) Reductions during the year	4489.88	2912.72
	d) Closing Balance	9020.48	6607.96
iii)	Movement of Net NPAs		
	a) Opening Balance	4027.21	1907.44
	b) Additions during the year	4691.60	3413.18
	c) Reductions during the year	3060.69	1293.41
	d) Closing Balance	5658.12	4027.21
iv)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	2464.51	1923.40
	b) Provisions made during the year	2210.80	2198.82
	c) Write-off/Write-back of excess provisions	1681.28	1657.71
	d) Closing balance	2994.03	2464.51

13.1.2 Provision Coverage Ratio

The Provision Coverage Ratio (PCR) computed as per the RBI guidelines stood at 54.94% as on 31.3.2014 (58.89% as on 31.3.2013).

13.2 Particulars of Accounts Restructured

(₹. In Crore)

Sl No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification / Details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on March 31 2013	No. of Borrowers	42	0	1	0	43	194	52	7	0	253	799	265	84	0	1148	1035	317	92	0	1444
		Amount Outstanding	3965.91	0.00	83.51	0.00	4049.42	458.58	38.44	4.71	0.00	501.73	10256.09	225.12	188.48	0.00	10669.69	14680.58	263.56	276.70	0.00	15220.84
		Provision Thereon	456.09	0.00	8.74	0.00	464.83	4.59	0.01	0.00	0.00	4.60	309.32	0.60	0.00	0.00	309.92	770.00	0.61	8.74	0.00	779.35
2	Fresh restructuring during the year	No. of Borrowers	13	3	0	0	16	58	0	2	0	60	36	0	3	0	39	107	3	5	0	115
		Amount Outstanding	1997.19	108.88	0	0	2106.07	250.27	0	12.47	0	262.74	1936.82	0	169.04	0	2105.86	4184.28	108.88	181.51	0	4474.67
		Provision Thereon	215.58	12.15	0	0	227.73	4.51	0	0.77	0	5.28	48.21	0	1.60	0	49.81	268.30	12.15	2.37	0	282.82
3	Upgradations to restructured Standard category during the FY 2013-14	No. of Borrowers	2	-2	0	0	0	0	0	0	0	0	0	0	0	0	0	2	-2	0	0	0
		Amount Outstanding	54.69	-54.69	0	0	0	0	0	0	0	0	0	0	0	0	0	54.69	-54.69	0	0	0
		Provision Thereon	6.24	-6.24	0	0	0	0	0	0	0	0	0	0	0	0	0	6.24	-6.24	0	0	0

Sl No.	Type of Restructuring		Under CDR Mechanism					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																					
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	30	0	0	0	30	196	0	0	0	196	240	0	0	0	240	466	0	0	0	466
		Amount Outstanding	2151.05	0	0	0	2151.05	441.81	0	0	0	441.81	2060.75	0	0	0	2060.75	4653.61	0	0	0	4653.61
		Provision Thereon	249.04	0	0	0	249.04	0	0	0	0	0	0	0	0	0	0	249.04	0	0	0	249.04
5	Downgradations of restructured accounts during the FY	No. of Borrowers	-10	10	0	0	0	-19	19	0	0	0	-37	37	0	0	0	-66	66	0	0	0
		Amount Outstanding	-660.87	660.87	0	0	0	-192.14	192.14	0	0	0	-1294.90	1294.90	0	0	0	-2147.91	2147.91	0	0	0
		Provision Thereon	-51.19	51.19	0	0	0	-0.84	0.84	0	0	0	-32.85	32.85	0	0	0	-84.88	84.88	0	0	0

Sl No.		6		7		
Type of Restructuring	Asset Classification / Details	Write-offs of restructured accounts during the FY: No. of Borrowers	Write-offs of restructured accounts during the FY: Amount Outstanding	Restructured Accounts as on March 31 2013 of the FY: No. of Borrowers	Restructured Accounts as on March 31 2013 of the FY: Amount Outstanding	Restructured Accounts as on March 31 2013 of the FY: Provision Thereon
Under CDR Mechanism	Standard	0	0	43	5672.15	493.54
	Sub-standard	0	0	8	516.86	56.30
	Doubtful	2	97.63	0	0	0
	Loss	0	0	0	0	0
	Total	2	97.63	51	6189.01	549.84
Under SME Debt Restructuring Mechanism	Standard	0	0	164	436.30	7.55
	Sub-standard	0	0	68	150.89	0.25
	Doubtful	0	0	8	3.71	0
	Loss	0	0	0	0	0
	Total	0	0	240	590.90	7.80
Others	Standard	0	0	616	6205.87	323.00
	Sub-standard	1	80.05	259	891.96	28.96
	Doubtful	12	412.96	69	276.63	1.95
	Loss	0	0	0	0	0
	Total	13	493.01	944	7374.46	353.91
Total	Standard	0	0	823	12314.32	824.01
	Sub-standard	1	80.05	335	1559.71	88.51
	Doubtful	14	510.59	77	280.34	1.95
	Loss	0	0	0	0	0
	Total	15	590.64	1235	14154.37	911.55

13.3 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset reconstruction

(₹. In Crore)

	Particulars	2013-14	2012-13
(i)	No. of accounts	58	1
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	736.19	Nil
(iii)	Aggregate consideration	1015.15	11.00
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain/(loss) over net book value	278.96	3.01

13.4 Details of non-performing financial assets purchased/sold from other banks

13.4.1 Details of non-performing financial assets purchased:

(₹. In Crore)

Particulars	2013-14	2012-13
1 (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2 (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

13.4.2 Details of non-performing financial assets sold:

(₹. In Crore)

Particulars	2013-14	2012-13
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

13.5 Provisions on Standard Assets

(₹. In Crore)

Particulars	2013-14	2012-13
Provisions towards Standard Assets	1195.55	941.52

14 BUSINESS RATIOS

	Particulars	2013-14	2012-13
(i)	Interest Income as a percentage to Average Working Funds	8.99%	9.57%
(ii)	Non Interest Income as a percentage to Working Funds	0.85%	0.91%
(iii)	Operating Profit as a percentage to Working Funds	1.58%	1.77%
(iv)	Return on Assets	0.23%	0.24%
(v)	Business (Deposits plus advances) per Employee (₹. In crore)	13.67	12.88
(vi)	Profit per employee (₹. In crore)	0.0201	0.0199

15 ASSET LIABILITY MANAGEMENT:

Maturity pattern of certain items of assets and liabilities as on March 31, 2014 (₹. In Crore)

	Deposits	Advances (Gross)	Investments (Gross)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	4679.93	3104.31	4965.68	4199.18	22.71	983.79
2 to 7 days	4617.11	3205.00	2521.96	306.09	1232.83	0.00
8 to 14 days	5620.34	6261.26	1276.94	0	1.30	0.00
15 to 28 days	5936.06	7829.28	1402.60	1161.68	553.93	0.00
29 days to 3 Month	21497.18	22074.32	5104.54	1057.68	250.54	0.00
Over 3 Month & up to 6 Month	37522.62	10872.98	8871.18	2664.54	1418.09	954.50
Over 6 Month & up to 1 year	57590.34	18568.19	13923.59	1687.64	905.46	1372.82
Over 1 year & up to 3 years	28190.24	63747.96	10331.23	6315.80	607.28	1202.35
Over 3 years & up to 5 years	7862.78	21058.78	3909.51	3972.60	3.74	482.42
Over 5 years	54459.48	24358.93	18925.05	3090.83	0.00	0.00
Total	**227976.08**	**181081.01**	**71232.28**	**24456.04**	**4995.88**	**4995.88**

16 Exposures

16.1 Exposure to Real Estate Sector

(₹. In Crore)

		Category	2013-14	2012-13
(a)	**Direct Exposure**			
	i)	Residential Mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	8283.73	5699.92
		Out of which, Individual housing loans eligible to be classified under Priority Sector	5943.27	4296.35
	ii)	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure includes non-fund based (NFB) limits;	8979.60	7833.92
	iii)	Real estate others: Hotels, Hospitals and Liquirent not under CRE	3843.59	3923.29
	iv)	Investments in Mortgage Backed Securities and other securitised exposures		
		Residential	Nil	Nil
		Commercial Real estate	Nil	Nil
		Others	15.00	15.00
(b)	**Indirect Exposure**: Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		1863.25	861.27
Total Exposure to Real Estate Sector (a+b)			**22985.17**	**18333.40**

16.2 Exposure to Capital Market (₹. In Crore)

Particulars		2013-14	2012-13
(i)	direct investment 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;	887.82	690.73
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	4.26	0.87
(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;	341.16	299.04
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds ie. where the primary security other than shares/convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	579.05	705.74
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	128.17	129.02
(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;	Nil	35.00
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix)	financing to stockbrokers for margin trading;	Nil	0.20
(x)	all exposures to Venture Capital Funds (both registered and unregistered)	236.48	239.36
Total Exposure to Capital market		**2176.94**	**2099.96**

16.3 Risk Category-wise Country Exposure: (₹. In Crore)

Risk Category	Exposure (net) as at 31.3.2014	Provision held as at 31.3.2014	Exposure (net) as at 31.3.2013	Provision held as at 31.3.2013
Insignificant	18962.24	14.975	12831.42	7.12
Low	3139.89	Nil	4574.71	Nil
Moderate	2514.76	Nil	2297.79	Nil
High	49.96	Nil	164.21	Nil
Very High	263.81	Nil	127.78	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
Total	**24930.66**	**14.975**	19995.91	7.12

16.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank:

As per RBI guidelines and terms of Loan Policy Document of our Bank for 2013-14, the permissible level of Single Borrower exposure limit is ₹. 2754.90 crore (15% of Capital funds) and ₹. 7346.40 crore for Group Borrower limit (40% of Capital funds). SBL and GBL in case of overseas branches is USD 40 Mio and USD 60 Mio respectively.

(₹. In Crore)

Sl. No.	Name of the Borrower	Exposure limit	Limit Sanctioned	Period during which limit exceeded	Board sanction details	Position as on 31.3.2014 Outstanding
1	Armada C7 Pte ltd@	359.49 [USD60.00 mio] [Group borrower limit]	239.66 [USD 40.00 mio]	30.11.2013- 31.3.2014	20.09.2013	239.66 [USD 40.00 mio]
2	Western Alliance International ltd@	359.49 [USD60.00 mio] [Group borrower limit]	179.75 [USD 30.00 mio]	Not exceeded	14.12.2013	159.30 [USD 26.588 mio]
3	King Empire group Limited@	359.49 [USD60.00 mio] [Group borrower limit]	59.915 [USD 10.00 mio]	Not exceeded	14.12.2013	44.44 [USD 7.418 mio]
4	Varada Twelve Pte ltd	239.66 [USD 40.00 mio]	368.48 [USD 61.500 mio]	27.12.2013- 31.03.2014	14.03.2014	368.48 [USD61.500 mio]

16.5 Unsecured Advances (₹. In Crore)

	2013-14	2012-13
Total amount for which intangible securities such as charge over the rights, licences authority, etc., has been taken	3291.59	5356.00
Estimated value of such intangible collateral	**3291.59**	**5356.00**

17 Disclosure of Penalties imposed by RBI: (₹. In Crore)

	2013-14	2012-13
Penalties imposed by RBI	3.002	Nil

18. DISCLOSURES IN TERMS OF ACCOUNTING STANDARDS

18.1 Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies

As permitted by RBI vide its circular No. DBOD.BP.95/21.04.048./2013/14 Dt. 07.02.2014 and also in pursuance to Bank's Board approved policy, the Bank has utilized a sum of ₹. 324.20 crores from Floating provisions/ Counter Cyclical Provisioning Buffer towards Specific Provisions for Non Performing Assets.

18.2 Accounting Standard 9 – Revenue Recognition

Revenue has been recognized as described in item No. 2 of Significant Accounting Policies – Schedule 17.

18.3 Accounting Standard 15 – Employee Benefits

i) The Bank has adopted Accounting Standard 15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India, with effect from 1st April 2007.

ii) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with the Accounting Standard–15 (Revised) are as under:

(a) Defined Benefit Schemes:

Changes in the present value of the obligations (₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2014	2013	2014	2013	2014	2013
Present Value of obligation as at the beginning of the year	4865.10	4389.33	1098.78	941.01	327.26	289.02
Interest Cost	408.30	357.86	89.87	70.03	27.24	22.00
Current Service Cost	82.46	67.33	54.16	76.21	24.40	50.84
Benefits Paid	(397.65)	(358.48)	(143.50)	(131.15)	(62.38)	(60.37)
Actuarial loss/(gain) on Obligations	468.28	409.07	26.09	142.68	73.40	25.76
Present Value of Obligation at year end	5426.49	4865.11	1125.40	1098.78	389.92	327.26

Change in Fair Value of Plan Asset (₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2014	2013	2014	2013	2014	2013
Fair Value of Plan Assets at the beginning of the year	4578.80	3935.08	1010.40	793.07	0.00	0.00
Expected return on Plan Assets	416.82	362.25	78.76	68.08	0.00	0.00
Employer's contribution	503.56	539.75	90.00	248.00	62.38	60.37
Benefit Paid	(397.65)	(358.48)	(143.50)	(131.15)	(62.38)	(60.37)
Actuarial loss/(gain) on Obligations	181.81	100.20	40.42	32.40	0.00	0.00
Fair Value of Plan Asset at the end of the year	5283.34	4578.80	1076.09	1010.40	0.00	0.00
Unfunded Transitional Liability	--	--	---	--	--	--

Amount recognized in Balance Sheet (₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2014	2013	2014	2013	2014	2013
Estimated Present value of obligations as at the end of the year	5426.50	4865.11	1125.40	1098.78	389.92	327.26
Actual Fair value of Plan Assets as at the end of the year	5283.34	4578.80	1076.09	1010.40	0.00	0.00
Un-funded Net Liability recognized in Balance sheet	151.73*	286.31	49.31*	88.38	389.92	327.26

* The balance of Un-funded Net Liability in Pension and Gratuity Funds, are to be amortised in the next one year.

Expenses Recognized in Profit & Loss (₹. In Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2014	2013	2014	2013	2014	2013
Current Service Cost	82.46	67.33	54.16	76.21	24.40	50.84
Interest Cost	408.30	357.86	89.87	70.03	27.24	22.00
Expected return on Plan Asset	(416.82)	(362.25)	(78.76)	(68.08)	0.00	0.00
Net Actuarial (Gain)/Loss recognized in the year	286.47	308.87	14.33	110.28	73.40	25.76
Total expenses chargeable in Profit & Loss Account	360.41	371.81	50.93	188.44	125.04	98.60
Amount received from II Pension Optees / Employer's Contribution of PF	-NA-	-NA-	-NA-	-NA-	-NA-	-NA-

Investment percentage maintained by Pension & Gratuity Trust:

	Pension Trust (%)		Gratuity Trust (%)	
	2014	2013	2014	2013
a) Debt Instruments				
Central Government Securities	8.84	9.68	6.44	7.40
State Government Securities	45.73	42.08	48.97	47.85
Investment in PSU/PFI/ Corporate Bonds	40.40	43.39	39.15	39.61
Other Investments	5.03	4.85	5.44	5.14
b) Equity Instruments	Nil	Nil	Nil	Nil

Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2014	2013	2014	2013	2014	2013
Discount Rate	8.75%	8.50%	8.75%	8.50%	8.75%	8.50%
Expected rate of return on Plan Assets	9.00%	9.00%	8.00%	8.00%	0%	0%
Expected Rate of Salary increase	5.00%	4.00%	5.50%	5.00%	5.50%	4.50%
Method used	Projected unit credit		Projected unit credit		Projected unit credit	

Experience Adjustments

Particulars	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2014	2013	2014	2013	2014	2013
Experience adjustment on Plan assets (Loss)/ Gain	181.81	100.20	40.42	32.40	0.00	0.00
Experience adjustment on Plan Liabilities (Loss)/Gain	468.28	409.07	26.09	142.68	73.40	25.76

The estimates of future salary increases, considered in actuarial valuation, take into account actual return on plan assets, inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

In respect of overseas branches, disclosures if any, required for Employee Benefit Schemes are not made in the absence of information.

(b) The financial assumptions considered for the calculations are as under:-

Discount Rate: - The discount rate has been chosen by reference to market yield on Government bonds as on the date of valuation. (Balance sheet dated 31.03.2014)

Expected Rate of Return: In case of Pension the expected rate of return is taken on the basis of yield on Government bonds. In case of gratuity, the actual return has been taken.

Salary Increase: On the basis of past data.

(c) Bank's best estimate expected to be paid in the next Financial Year for Gratuity is ₹. 165 crore.

18.4 Accounting Standard 17 – Segment Reporting

The Bank has adopted Reserve Bank of India's revised guidelines issued in April 2007 on Segment Reporting in terms of which the reportable segments have been divided into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations.

Part A: Business Segments (₹. In Crore)

Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		TOTAL	
Particulars	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue	5920.49	5123.68	11315.45	11432.64	6939.69	5252.59	635.39	731.05	24811.02	22539.96
Result	1174.39	868.51	1734.10	2153.09	1088.07	478.00	(40.71)	208.56	3955.85	3708.16
Unallocated Income									42.05	109.67
Unallocated Expenses									0.66	0.82
Operating Profit/ Loss									3997.24	3817.01
Income Taxes									241.30	180.25
Provisions & Contingencies									3154.20	3069.53
Extraordinary profit / loss				-				-	0	0
Net Profit									601.74	567.23
OTHER INFORMATION										
Segment Assets	79223.62	68019.27	124196.28	110964.95	69592.08	63752.33	151.36	144.36	273163.34	242880.91
Unallocated Assets									1741.50	1775.12
Total assets									274904.84	244656.03
Segment Liabilities	73709.99	63416.49	116811.63	104633.60	67731.10	62624.91	109.38	51.79	258362.10	230726.79
Unallocated Liabilities									372.55	471.86
Total Liabilities									258734.65	231198.65

Part B - Geographic segments (₹. In Crore)

	Domestic		International		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue	23745.08	21398.28	1108.00	1251.35	**24853.08**	**22649.63**
Assets	252271.04	222801.18	22633.80	21854.85	**274904.84**	**244656.03**

18.5 Accounting Standard 18- Related Party Disclosures

Names of the related parties and their relationship with the Bank

1	Associates	Pandyan Grama Bank Odisha Gramya Bank	
2	Subsidiaries	None	
3	Jointly controlled entity (Joint Venture)	India International Bank (Malaysia) Bhd. Investment in equity shares ₹. 193.20 crore (maximum investment ₹. 193.20 crore)	
4.	**Key Management Personnel**		

Sl. No.	Name	Designation	Remuneration* Amount (₹.) (2013-14)
1.	Shri M. Narendra	Chairman & Managing Director	27,28,800.00
2.	Shri A.K. Bansal	Ex-Executive Director	7,08,103.00
3.	Shri A.D.M. Chavali	Executive Director	22,26,787.00
4.	Shri.Atul Agarwal	Executive Director	9,37,404.00

* Remuneration Includes salary & allowances, salary arrears, performance incentives, leave encashment arrears and gratuity arrears.

18.6 Accounting Standard 20 – Earnings per Share

Particulars	2013-14	2012-13
Net Profit after Tax available for Equity Shareholders (₹. In Crore)	601.74	567.22
Weighted Average Number of Equity Shares	99,44,71,502	80,18,73,155
Basic & Diluted Earnings Per Share	₹. 6.05	₹. 7.07
Nominal value per Equity Share	₹. 10.00	₹. 10.00

18.7 Accounting Standard 21 - Consolidated Financial Statements (CFS)

As there is no subsidiary, no consolidated financial statement is considered necessary.

18.8 Accounting Standard 22: Accounting for Taxes on Income

The Bank has accounted for reversal of Deferred Tax Liability of ₹. 133 crores during the year (Previous year accounting of DTL of ₹. 399.33 crore). The Bank has outstanding net Deferred Tax Liability of ₹. 270.93 crore (Previous year ₹. 230.49 crore). The breakup of deferred tax assets and liabilities into major items is given below:

(₹. In Crore)

Particulars	31.3.2014		31.3.2013	
	DTA	DTL	DTA	DTL
Depreciation on Investments		1514.41		334.78
Depreciation on Fixed Assets		17.01		16.60
Provision for Employee Benefits	140.31		109.80	
Provision for Frauds	11.74		10.22	
Provision for Restructured Advances	342.85			
Carry forward losses	1010.42			
Special Reserve		252.14		
Others	7.31		0.87	
Total	**1512.63**	**1783.56**	**120.89**	**351.38**
Net DTL		**270.93**		**230.49**

18.9 Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements

As there is no subsidiary, no consolidated financial statement is considered necessary.

18.10 Accounting Standard 26 – Intangible Assets

The application software in use in the Bank has been developed in-house and has evolved over a period of time. Hence, the costs of software is essentially part of Bank's operational expenses like wages etc. and as such are charged to the respective heads of expenditure in the Profit and Loss Account.

18.11 Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures

Our Bank (with 35% share) has floated a Joint Venture at Malaysia along with Bank of Baroda (40%) and Andhra Bank (25%). Bank Negara, the Central Bank of Malaysia, issued the license to the Joint Venture on 16.04.2010. The Joint Venture was incorporated at Malaysia on 13.08.2010 by name INDIA INTERNATIONAL BANK (MALAYSIA) BHD (IIBM). IIBM has an Authorised Capital of MYR 500 Mio. The Joint Venture's Assigned Capital is MYR 320 Mio. Our Bank's share in the Assigned up Capital is 35% - MYR112.000 Mio.

As on 31.03.2014, Bank has paid ₹. 193.20 crore towards 11200000 shares of MYR 10 each aggregating to MYR 112.00 Mio. The Joint Venture has commenced operations on 11.07.2012.

18.12 Accounting Standard 28 – Impairment of Assets

Fixed Assets owned by the Bank are treated as 'Corporate Assets' and are not 'Cash Generating Units' as defined by AS28 issued by ICAI. In the opinion of the Management, there is no impairment of any of the Fixed Assets of the Bank.

18.13 Accounting Standard 29 - Provision for Contingent Liabilities and Contingent Assets:

The guidelines issued by the Institute of Chartered Accountants of India in this respect have been incorporated at the appropriate places.

19 Additional Disclosures

19.1 Concentration of Deposits, Advances, Exposures and NPAs

19.1.1 Concentration of Deposits (₹. In Crore)

	2013-14	2012-13
Total Deposits of twenty largest depositors	27282	28794
Percentage of Deposits of twenty largest deposits to Total Deposits of the Bank	12.41	14.24

19.1.2 Concentration of Advances (Credit Exposure including derivatives) (₹. In Crore)

	2013-14	2012-13
Total Advances to twenty largest borrowers	31930.22	27384
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	13.84%	12.92%

19.1.3 Concentration of Exposures (Credit and Investment exposure) (₹. In Crore)

	2013-14	2012-13
Total Exposure to twenty largest borrowers / customers	33442.57	27743
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on borrowers/ customers	12.86%	12.27%

19.1.4 Concentration of NPAs (₹. In Crore)

	2013-14	2012-13
Total Exposure to top four NPA accounts	939.56	749.56

19.1.5 Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		2013-14	2012-13
1	Agriculture & allied activities	4.01	3.34
2	Industry (Micro & small, Medium and Large)	6.29	5.68
3	Services	3.27	3.89
4	Personal Loans	3.07	1.67

19.2 MOVEMENT OF NPAs

(₹. In Crore)

Particulars	2013-14	2012-13
Gross NPAs as on 1st April (Opening Balance)	6607.96	3920.07
Additions (Fresh NPAs) during the year	6902.40	5600.61
Sub-total (A)	13510.36	9520.68
Less:-		
i. Upgradations	994.19	640.43
ii. Recoveries (excluding recoveries made from upgraded accounts and including sale to ARCIL)	2021.72	630.04
iii. Technical Write-offs	1413.81	1513.13
iv. Write offs other than those under (iii) above	60.16	129.12
Sub-total (B)	4489.88	2912.72
Gross NPAs as on 31st March (closing balance) (A-B)	9020.48	6607.96

19.3 OVERSEAS ASSETS, NPAs AND REVENUE

(₹. In Crore)

Particulars	2013-14	2012-13
Total Assets	22633.80	21854.85
Total NPAs	1182.11	987.25
Total Revenue	1108.00	1002.37

19.4 Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

19.5 Amount of provisions made for Income Tax during the year:

(₹. In Crore)

	2013-14	2012-13
Provision for Income Tax (net)	241.30	180.25

19.6 Provisions and Contingencies – Break-up (₹. In Crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

	2013-14	2012-13
Provisions for depreciation on Investment	453.53	175.10
Provision towards NPA	2210.80	2198.82
Provision towards Standard Assets	246.13	259.18
Provision made towards Income Tax (including Deferred Tax & Wealth Tax)	241.30	180.25
Other Provision and Contingencies	243.74	436.43
Total	**3395.50**	**3249.78**

19.7 Floating Provisions (₹. In Crore)

	Particulars	2013-14	2012-13
(a)	Opening balance in the floating provisions account	171.36	171.36
(b)	Quantum of floating provisions made in the accounting year	Nil	Nil
(c)	Amount of draw down made during the accounting year (Transferred to Counter Cyclical Buffer)	171.36	Nil
(d)	Closing balance in the floating provisions account	Nil	171.36

19.8 Disclosure of complaints

19.8.1 Customer Complaints

(a)	No. of complaints pending at the beginning of the year	203
(b)	No. of complaints received during the year	6171
(c)	No. of complaints redressed during the year	6208
(d)	No. of complaints pending at the end of the year	166

19.8.2 Awards passed by the Banking Ombudsman

(a)	No. of unimplemented Awards at the beginning of the year	Nil
(b)	No. of Awards passed by the Banking Ombudsmen during the year	0
(c)	No. of Awards implemented during the year	0
(d)	No. of Awards lapsed due to non acceptance by customer	0
(e)	No. of unimplemented Awards at the end of the year	Nil

19.8.3 Letters of Comfort (LoC)

Letters of Comfort issued during the year	Nil
Letters of Comfort outstanding as on 31.3.2014	2
Assessed financial impact	Nil
Cumulative Assessed Financial Obligation	Nil

During the year 2009-10, the Bank has issued a Letter of Comfort (LOC) undertaking to maintain a minimum CRAR of 12% in respect of Bangkok branch and to arrange to convert retained earnings to capital funds and/ or infuse further capital in order to restore the CRAR to a minimum of 12% subject to approval from RBI.

In the worst case scenario of the entire textile exposure of the branch becoming NPA, we may have to make additional provision to the extent of THB 311.613 mio being unsecured portion of standard textile advances. If this contingency arises, there would be no additional capital to be remitted as existing reserves are adequate to cover the unsecured amount.

During the year 2010-11, the Bank has issued a letter of comfort favoring Bank Negara Malaysia. The Bank in association with other JV partners will provide support to India International Bank (Malaysia) Bhd in funding, business and other matters as and when required and ensure that it complies with the requirements of the Malaysian Laws, Regulations and Policies in the conduct of its business operations and management.

The financial impact for the letter of undertaking issued to Bank Negara Malaysia is remittance of our share of 35% of the paid up capital of MYR 320 mio ie. MYR 112.000 mio. Our Bank has remitted INR 193,20,10,398/- towards the capital of MYR 112.000 mio.

19.9 Bancassurance Business (₹. In Crore)

S No	Nature of income*	**2013-14**	**2012-13**
1	For selling Life Insurance Policies	7.88	7.53
2	For selling Non Life Insurance Policies	11.64	10.44
3	For Selling Mutual Fund products	0.30	0.14
4	Others (specify)	--	--
	Total	19.82	18.11

*Fees/Remuneration received in respect of the Bancassurance Business undertaken by the Bank.

19.10 Movement of Technical Write off (₹. In Crore)

Particulars	**2013-14**	**2012-13**
Opening Balance of Technical / Prudential Write off as on 1st April	3188.37	2035.63
Add: Technical / Prudential Write offs during the year	1413.81	1513.13
Sub-total (A)	4602.18	3548.76
Less: Recoveries made from previously Technical / Prudential written off accounts during the year (B)	1064.55	360.39
Closing Balance as on 31st March (A-B)	3537.63	3188.37

19.11 Disclosures relating to Securitisation **NIL**

19.12 Credit Default Swaps (CDS) **NIL**

20 Comparative Figures

Previous year’s figures have been regrouped / rearranged wherever necessary.

INDIAN OVERSEAS BANK

Cash Flow Statement ₹. in '000s

Statement of Cash Flow for the year ended 31.03.2014	Year ended 31.03.2014	Year ended 31.03.2013
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	**6 01 74 11**	**5 67 22 77**
Adjustments for :		
Amortisation of HTM Investments	81 25 78	57 51 62
Loss on Revaluation of Investments	1 04 67 43	68 34 69
Depreciation on Fixed Assets	1 41 31 60	1 26 59 20
Profit / Loss on Sale of Assets	- 1 86 84	- 1 61 63
Transfer from Reserves	-3 60 61 54	-
Provision for taxes	2 41 29 91	1 80 25 30
Provision for NPAs	22 10 79 79	21 87 43 49
Provision for Standard Assets	2 46 13 43	2 59 17 61
Depreciation on Investments	4 65 43 44	1 75 09 80
Provision for Other Items	2 31 83 71	4 47 82 05
Interest Paid on Tier II Interest	6 07 81 35	6 07 03 12
Increase / (Decrease) in Deposits	258 40 73 86	237 01 17 16
Increase / (Decrease) in Borrowings	11 33 17 60	-2 90 98 71
Increase / (Decrease) in Other Liabilities & Provisions	5 62 07 54	-1 80 15 66
(Increase) / Decrease in Investments	-89 98 48 91	-59 79 08 55
(Increase) / Decrease in Advances	-179 66 28 47	-222 74 92 82
(Increase) / Decrease in Other Assets	-13 98 00 54	1 71 69 62
Direct Taxes Paid	-4 65 00 00	-4 29 47 55
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**32 78 03 26**	**-6 06 88 49**
CASH FLOW FROM INVESTING ACTIVITIES		
Sale / disposal of Fixed Assets	1 86 84	5 23 82
Purchase of Fixed Assets	-2 21 57 78	-2 33 20 23
Investment in Associates	- 6 89 46	-1 73 34 25
NET CASH FROM INVESTING ACTIVITIES (B)	**-2 26 60 39**	**-4 01 30 66**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Equity Share Issue	15 98 04 60	10 00 00 00
Redemption of Tier II Bonds	-2 00 00 00	
Interest Paid on Tier II Capital	-6 04 62 06	-5 77 65 62
Dividend Paid	- 94 49 61	-4 16 83 10
NET CASH FROM FINANCING ACTIVITIES (C)	**6 98 92 92**	**5 51 28**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) +(B) + (C)	**37 50 35 79**	**-10 02 67 87**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Cash & Balances with RBI	98 37 82 50	101 98 91 24
Balances with Banks & Money at Call	54 20 59 49	60 62 18 62
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash & Balances with RBI	117 35 09 75	98 37 82 50
Balances with Banks & Money at Call	72 73 68 03	54 20 59 49
NET INCREASE IN CASH AND CASH EQUIVALENTS	**37 50 35 79**	**-10 02 67 87**

This Statement has been made prepared in accordance with Indirect Method.

[S. Chockalingam]
General Manager & CFO

[M.Narendra]
Chairman & Managing Director (CEO)

AUDITORS' CERTIFICATE

We, the undersigned Statutory Central Auditors of Indian Overseas Bank have verified the above Cash Flow Statement of the Bank for the year ended 31.03.2014 . The Statement has been prepared in accordance with the requirement of Clause 32 , of the Listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and the Balance Sheet of the Bank, covered by our report of even date to The President of India .

For Badari, Madhusudhan & Srinivasan
FRN 005389S
(N. SRINIVASAN)
Partner, M.No. 027887

For B.Thiagarajan & CO
FRN 004371S
(B. THIAGARAJAN)
Partner, M.No.018270

For Sankar & Moorthy
FRN 003575S
(V.C. JAMES)
Partner, M.No.22565

For P.R.Mehra & CO
FRN 000051N
(SWINDER KUMAR)
Partner, M.No. 014211

For Dass Khanna & CO
FRN 000402N
(RAKESH SONI)
Partner, M.No. 083142

Place: Chennai
Date: 29.04.2014

CHARTERED ACCOUNTANTS

ADDITIONAL DISCLOSURES

Reserve Bank of India issues guidelines on Capital Adequacy framework from time to time. As per Reserve Bank of India guidelines on New Capital Adequacy Framework, Bank has implemented the Basel III capital regulation, w.e.f April 1, 2013.

RISK MANAGEMENT

Risk taking is an integral part of the banking business. Banks assume various types of risks in its activities while providing different kinds of services based on its risk appetite. Each transaction that the Bank undertakes changes the risk profile of the Bank. In the normal course of business, a bank is exposed to various risks including Credit Risk, Market Risk and Operational Risk. The objective of risk management is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated. With a view to managing various risks efficiently and strengthening its risk management systems, the bank has put in place various risk management measures and practices which includes policies, tools, techniques, monitoring mechanism and management information systems (MIS).

The Bank, on a continuous basis, aims at enhancing and maximizing the shareholder values through achieving appropriate trade-off between risks and returns. The Bank's risk management objectives broadly cover proper identification, measurement, monitoring, control and mitigation of the risks with a view to enunciate the bank's overall risk philosophy. The risk management strategy adopted by the bank is based on an understanding of risks and the level of risk appetite of the bank. Bank's risk appetite is demonstrated through prescription of risk limits in various policies relating to risk management.

The bank has set up appropriate risk management organization structure in the bank. Risk Management Committee of the Board (RMCB), a sub-committee of the Board, is constituted which is responsible for management of credit risk, market risk, operational risk and other risks in the Bank. The bank has also constituted internal risk management committees namely Credit Policy Committee (CPC) for managing credit risk, Asset Liability Management Committee (ALCO) for managing market risk and Operational Risk Management Committee for managing operational risk.

A full-fledged Risk Management department is functioning at the Bank's Central Office, independent of the business departments for implementing best risk management systems and practices in the bank. A Chief Risk Officer in the rank of General Manager of the bank is in charge of the department who is responsible for overall supervision on risk management in the bank. The Mid-Office in Risk Management and Credit Support Services Dept. also carry out the risk management functions and monitor the adherence/compliance to policies, risk limit framework and internal approvals. Risk Managers have been placed at Regional Offices. Apart from coordinating with Risk Management Department, Central Office for submission of various MIS, they participate in Regional Level Credit Approval Committee.

The bank had implemented the New Capital Adequacy Framework (Basel-II) with effect from 31.03.2008 and is complying with the various guidelines issued by RBI from time to time. Basel III guidelines have been introduced from 01.04.2013, and bank is maintaining capital as per the guidelines. As per RBI's requirement, the Bank has put in place a Board approved Policy on Internal Capital Adequacy Assessment Process (ICAAP) to address second pillar requirements. The ICAAP policy framework aims at assessing all material risks to which the bank is exposed over and above the regulatory prescriptions under the first pillar risks, and ensuring adequate capital structure to meet the requirements on an ongoing basis.

The bank has formulated a "Stress Testing framework" to assess the potential vulnerability of the organization to exceptional but plausible events. Stress testing and scenario analysis, particularly in respect of the bank's material risk exposure, enable identification of potential risks inherent in a portfolio at the time of economic recession and accordingly take suitable steps to address the same. In accordance with the policy prescriptions, the bank carries out various stress tests on bank's balance sheet periodically and specific portfolios and places the reports to ALCO / RMCB / Board. Reserve Bank of India has issued fresh guidelines on Stress Testing on 02.12.2013 to be effective from 01.04.2014.

Board approved Business Continuity Plan and Disaster Recovery plan are in place. The 3 way data centers have been implemented to facilitate Zero data loss, Multiple MPLS-VPN high bandwidth connections among the 3 data Centres and Central, Dual connectivity from different alternate service providers and alternate media for branches have been implemented. Firewall and Intrusion detection systems have been implemented. IS Security Department has been established to monitor and analyze the information security incidents and to take correctives steps. IS Audit section takes care of the periodical Information Systems Audit of the Bank's departments and branches. Regular DR drills are being conducted every quarter. To ensure Network security, periodical Vulnerability assessment and Penetration testing exercises are being conducted.

The Reserve Bank of India had issued final guidelines on Liquidity Risk Management effective from end March 2013. The guidelines cover preparation of liquidity returns consolidated for the bank as a whole and with separate data for domestic operation in domestic currency and foreign currency, combined Indian operations on a fortnightly basis, liquidity return for overseas operations country wise on monthly basis and Liquidity Return for Global Operation on quarterly basis. The bank has put in place a system to generate reports as above and submitted the data to RBI on trial basis as on June 2013 as required.

Further, the Reserve Bank of India has issued guidelines on implementation of Basel III capital regulations in India to be implemented in phased manner effective from April 1, 2013 with Banks disclosing Basel III capital ratios from the quarter ended June 30, 2013. Bank is complying with the same as per the guidelines.

In addition to the existing Pillar 3 guidelines of RBI and also the new disclosure guidelines issued by RBI vide its Circular DBOD No BP BC 98/21.06.201/2012-13 dated 28.05.2013, the third pillar also refers to market discipline. The purpose of market discipline is to complement the minimum capital requirements detailed under Pillar 1 and the supervisory review process detailed under Pillar 2. In this context and as guided by RBI a set of disclosure (both qualitative and quantitative) are published in DF 1 to 11 (annexed) with regard to risk management in the bank, which will enable market participants to assess key pieces of information on the (a) scope of application (DF-1), (b) Capital Adequacy (DF-2), (c) Credit Risk: General Disclosures for all banks (DF-3), (d) Credit Risk: Disclosures for Portfolios subject to the Standardised Approach (DF-4), (e) Credit Risk Mitigation: Disclosures for Standardised Approaches (DF-5), (f) Securitisation Exposures: Disclosure for Standardised Approach (DF-6), (g) Market Risk in Trading Book (DF-7), (h) Operational Risk (DF-8), (i) Interest Rate Risk in the Banking Book (IRRBB) (DF-9), (j) General Disclosure for Exposures Related to Counter Party Credit Risk (DF-10) and (k) Composition of Capital (DF 11). This would also provide necessary information to the market participants to evaluate the performance of the bank in various parameters.

1. Scope of Application and Capital Adequacy

TABLE DF –1: Scope of application

Name of the Banking Group to which the frame work applies

(i) Qualitative Disclosures

Name of the Entity / Country of Incorporation	Whether the entity is included under accounting scope of Consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of Consolidation (yes/ no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Bank does not belong to any group Not applicable						

a. List of group entities considered for consolidation

b. List of Group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the Entity / Country of Incorporation	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	% of the bank's holding in the total equity	Regulatory treatment of the Bank's investments in the capital instruments of the entity	Total Balance Sheet assets (as stated in the accounting balance sheet of the legal entity)
Bank does not belong to any group Not applicable					

ii. Quantitative Disclosures:

c. List of Group entities considered for consolidation

Name of the Entity / Country of Incorporation (as indicated in (i)a. above)	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	Total Balance Sheet assets (as stated in the accounting balance sheet of the legal entity)
Not applicable			

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e., that are deducted:

Name of the Subsidiaries / Country of Incorporation	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	% of the bank's holding in the total equity	Capital deficiencies
Not applicable				

e. The aggregate amounts (e.g. current book value) of the Bank's total interests in insurance entities, which are risk weighted:

Name of the insurance entiites / Country of Incorporation	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	% of the bank's holding in the total equity/ proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method vs. using the full deduction method
Not applicable				

f. Any restrictions or impediments on transfer of funds or regulatory capital within the Banking Group: Not applicable

Table DF – 2: Capital Adequacy

Qualitative disclosures:

Banks in India implemented capital adequacy measures in April 1992 based on the capital adequacy framework (Basel-I) issued by the Basel Committee on Banking Supervision (BCBS) and the guidelines issued by Reserve Bank of India (RBI) from time to time. Such a measure was taken in order to strengthen the capital base of banks and at the same time to make it compliant with the international best practices in the matter of maintaining capital adequacy. Initially the Basel framework addressed the capital for credit risk, which was subsequently amended to include capital for market risk. In line with the guidelines issued by the RBI the bank was compliant with the relevant guidelines.

Subsequently, the BCBS released the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" on June 26, 2004. The Revised Framework was updated in November 2005 to include trading activities and the treatment of double default effects and a comprehensive version of the framework was issued in June 2006. Based on these guidelines and to have consistency and to be in harmony with international standards, the RBI has issued guidelines on 27th April 2007 and subsequent amendments on implementation of the New Capital Adequacy (Basel-II) Framework from time to time.

In line with the RBI guidelines, the Bank had migrated to the revised (Basel-II) framework from 31.3.2008 and continues to be compliant with the requirements of Basel-II framework. Basel III guidelines have been introduced from 01.04.2013, and bank is maintaining capital as per the guidelines

Basel-II Framework provides a range of options for determining the capital requirements for credit risk, market risk and operational risk. The Framework allows banks and supervisors to select approaches that are most appropriate for their operations and financial markets. In accordance with the RBI's requirements, the Bank has adopted Standardised Approach (SA) for credit risk, Standardised Measurement Method (SMM) for market risks and Basic Indicator Approach (BIA) for Operational Risk to compute capital. The Bank is maintaining capital for Credit, Market and Operational Risk in line with the RBI guidelines

The Bank has computed capital for Capital Risk, Market Risk and Operational Risk as per the prescribed guidelines. Credit risk capital computation is done on borrower basis or facility type basis as per the segmentation advised in the RBI guidelines. For this purpose, the Bank has developed in-house software, which enables computation of capital for credit risk of the advances portfolio and generation of the requisite reports at the branches, Regional Offices and Central Office level. Borrower classification is based on the GL code, scheme code and BSR activity code. System picks the eligible security details from CBS advance master. System also identifies eligible guarantees based on GL code/activity codes. Undrawn amount of a Term Loan limit is computed based on the stage release details available in the CBS package. Other undrawn amount for FB and NFB limits are also computed by the system.

Necessary training has been imparted to the field staff periodically on various aspects of capital computation and close interactions held with the coordinators at Regional Offices, to ensure accuracy and adequacy of data in capital computation. Risk Managers are placed at all Regional Offices for checking the data and ensuring accuracy and consistency of data.

Banks generally use a number of techniques to mitigate the credit risk to which they are exposed. The Bank has also used the Credit Risk Mitigation in computation of capital for credit risk in order to get capital relief. A well articulated policy on Collateral Management and Credit Risk Mitigation duly approved by the bank's Board is put in place. The Bank has followed the RBI guidelines in force to arrive at the credit risk mitigation, risk weighted assets, eligible capital and capital to risk weighted assets ratio (CRAR).

Reserve Bank of India has prescribed that Banks are required to maintain a minimum capital to risk weighted assets ratio (CRAR) of 9% on an ongoing basis, as against 8% prescribed in the Basel document.

The Bank has put in place a policy on Internal Capital Adequacy Assessment Process (ICAAP) and the framework in consideration of the relevant risk factors of the bank as a measure towards Pillar 2 requirements of the revised framework commensurate with the bank's overall risk profile. In framing the policy the bank has taken into consideration the requirements prescribed by the RBI in their guidelines and bank's risk appetite including overseas operations where ever applicable / relevant.

As regards the adequacy of capital to support the future activities, the bank draws assessment of capital requirements periodically taking into account future growth of business. The surplus CRAR maintained by the bank acts as a buffer to support the future activities. Moreover, the headroom available to the bank in the Tier-1 and Tier-2 capital components provides additional capital support to meet the future needs. Thereby, the capital risk of the bank is adequately addressed.

Quantitative disclosures		Amount in ₹. Crore
a)	**Capital requirements for credit risk**	
•	Portfolios subject to standardised approach	166095.40
•	Securitisation exposures	Nil
b)	**Capital requirements for market risk:**	
•	Standardised duration approach	
-	Interest rate risk	574.49
-	Foreign Exchange risk (including gold)	9.15
-	Equity risk	202.38
c)	**Capital requirements for operational risk**	
•	Basic indicator approach	958.27
•	The Standardised Approach	Not Applicable
d)	**Common Equity Tier 1 Capital Ratio**	7.18%
	Tier 1 Capital	7.47%
	Total Capital Ratio	10.78%
For the top consolidated group; and		Not Applicable
•	For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)	Not Applicable

Table DF-3

CREDIT RISK: GENERAL DISCLOSURES FOR ALL BANKS

Qualitative disclosures:

Credit Risk is the possibility of losses associated with diminution in the credit quality of borrowers or counter parties. In a Bank's portfolio, Credit Risk arises mostly from lending and investment activities of the Bank if a borrower / counterparty is unable to meet its financial obligations to the lender/investor. It emanates from changes in the credit quality/worthiness of the borrowers or counter parties. Credit risk also includes counterparty risk and country risk.

Credit rating and Appraisal Process:

The Bank manages its credit risk through continuous measuring and monitoring of risks at obligor (borrower) and portfolio level. The Bank has a robust internal credit rating framework and well-established standardized credit appraisal / approval process. Credit rating is a facilitating process that enables the bank to assess the inherent merits and demerits of a proposal. It is a decision enabling tool that helps the bank to take a view on acceptability or otherwise of any credit proposal.

The rating models factor quantitative and qualitative attributes relating to Risk components such as Industry Risk, Business Risk, Management Risk, Financial Risk, Project risk (where applicable) and Facility Risk etc. The data on industry risk is regularly updated by CRISIL based on market conditions.

Credit rating as a concept has been well internalized within the bank. As a measure of robust credit risk management process, the bank has implemented a tiered system for validation of credit ratings at specified levels which is independent of credit departments, in order to draw unbiased rating for borrowers necessary for moving to advanced approaches. In respect of proposals falling under powers of Bank's Central Office, the validations of ratings are done at Risk Management Dept. The advantage of credit rating is that it enables to rank different proposals based on risk and do meaningful comparison.

The bank follows a well-defined multi layered discretionary power structure for sanction of loans and advances. Approval Grid has been constituted at all levels covering Exceptionally Large branch / RO / NBGM / CO for recommending fresh / enhancement proposal to appropriate sanctioning authorities. Specific Sanctioning Powers have been delegated to Branch Managers. In addition to the Management Committee of the Board (MCB), the bank has constituted three committees such as (a) Credit Approval Committee (CAC) headed by Chairman, (b) Head Office Level Credit Approval Committee headed by Executive Director (HLCC-ED) and (c) Head Office Level Credit Approval Committee headed by senior most General Manager (HLCC-GM) with delegated powers to consider sanction of credit proposals falling under Central Office powers at different levels. Further, Regional Level Credit Committees (RLCC) headed by the Regional Head at Regional Offices and National Bank Level Credit Committees (NBCC) at NBGM Offices have been formed with suitable delegated power for sanction of credit proposals. Consequently, no Executives beyond Branch Heads can exercise any discretionary powers for sanction of credit proposals at individual level. In all these credit approval committees, the presence of Risk Managers (attached to RO/NBGMO) is compulsory. For Central Office committees, GM/DGM of Risk Management presence is compulsory to complete the quorum.

The new products introduced by bank are examined by the head office level Risk Management Committee depending upon the type of risks involved in the new product / process before being placed to RMCB / Board for approval.

Credit Risk Management Policies

The bank has put in place a well-structured loan policy and credit risk management policy duly approved by Board. The policy document defines organizational structure, role and responsibilities and processes whereby the Credit Risk carried by the Bank can be identified, quantified and managed within the framework that the Bank considers consistent with its mandate and risk tolerance. Credit risk is monitored by the bank on a bank-wide basis and compliance with the risk limits approved by Board / RMCB is ensured. The CPC takes into account the risk tolerance level of the Bank and accordingly handles the issues relating to Safety, Liquidity, Prudential Norms and Exposure limits.

The bank has taken earnest steps to put in place best credit risk management practices in the bank. In addition to Loan Policy and Credit Risk Management Policy, the bank has also framed Funds and Investment Policy, Counter Party Risk Management Policy and Country Risk Management Policy etc., which forms integral part of monitoring of credit risk in the bank. Besides, the bank has implemented a policy on collateral management and credit risk mitigation which lays down the details of securities (both prime and collateral) normally accepted by the Bank and administration of such securities to protect the interest of the bank. Presently, some select securities act as mitigation against credit risk (in capital computation), to which the bank is exposed.

Credit Monitoring/Loan Review/Credit Audit

The Credit Monitoring Department monitors the quality of Credit portfolio, identifies problems and takes steps to correct deficiencies. The objective of the department is to minimize slippage of performing accounts to NPA category and also to comply with the laid down norms and guidelines. The department is also monitoring the accounts by segmentation and follow up the accounts on a daily basis to minimize slippages. Furthermore, the accounts are also monitored at different levels of authority depending upon the size of the exposure.

All standard borrowal accounts with credit exposure of ₹. 1 crore and above are reviewed under Loan Review Mechanism, which is essentially an off-site audit mechanism. The credit audit is carried out in terms of Guidance Note on Credit Risk issued by Reserve Bank of India and the Credit Risk Management Policy of the Bank.

The credit audit covers all borrowal accounts with total exposure of ₹. 5 crore and above sanctioned by any authority. This is an ongoing exercise which helps the bank to identify deficiencies and early warning signals of sickness/weakness in borrowal accounts. Essentially this is an onsite audit mechanism to prevent deterioration in the quality of advances thereby protecting the interest of the bank. The bank also maintains surveillance on the accounts with working capital exposure of ₹. 1.00 Cr and above by calling for Continuous Surveillance statements.

Classification of restructured accounts:

The bank has followed the prudential guidelines issued by the RBI in respect of classification and provisioning for restructured accounts from time to time.

Classification of Non Performing Accounts:

The bank follows the prudential guidelines of RBI for classification of NPA accounts.

(₹. In Crore)

Quantitative Disclosures	Applicability to our Bank
a) Total gross credit risk exposures:	
Fund based	142930.71
Non fund based	23120.95
b) Geographic distribution of exposures,	
• **Domestic**	
Fund based	161998
Non Fund based	35818
• **Overseas**	
Fund based	19083
Non Fund based	4150
c) Industry type distribution of exposures, fund based and non-fund based separately.	Annexed
d) Residual contractual maturity breakdown of assets	Annexed
e) Amount of NPAs (Gross)	
• Substandard	5169.53
• Doubtful (D1, D2, D3)	3773.57
• Loss	77.38
f) Net NPAs	5658.12
g) NPA Ratios	
• Gross NPAs to gross advances	4.98%
• Net NPAs to net advances	3.20%
h) Movement of NPAs (Gross)	
• Opening balance	6607.96
• Additions	6902.40
• Reductions	4489.88
• Closing balance	9020.48
i) Movement of provisions for NPAs	
• Opening balance	2464.51
• Provisions made during the period	2210.80
• Write off	1681.28
• Write back of excess provisions	Nil
• Closing balance	2994.03
j) Amount of Non-Performing Investments	143.69
k) Amount of provisions held for non-performing investments	50.60
l) Movement of provisions for depreciation on investments	
• Opening Balance	628.91
• Provisions made during the period	453.53
• Write-off / Write-back of excess provisions	86.95
• Closing Balance	995.49

Residual contractual Maturity break down of Assets (₹. In Crore)

Day 1	2-7 D	8-14D	15-28D	29D-3M	3-6M	6M-1Year	>1 to 3years	>3 to 5years	>5 years
9138.48	13145.20	7341.69	8627.97	24898.38	19004.34	32409.49	70842.31	22407.52	48648.36

Covers Gross Assets for domestic operations

INDUSTRY WISE EXPOSURES (₹. In Crore)

Industry Name	Outstanding
Mining and quarrying	2993.77
Food Processing	1736.73
Sugar	971.49
Edible Oils and Vanaspati	661.34
Tea	39.41
Beverages and Tobacco	595.54
Cotton Textiles	3904.20
Jute Textiles	35.24
Handicraft/ Khadi (Non Priority)	225.15
Other Textiles	3054.69
Leather and Leather Products	467.26
Wood and Wood Products	669.19
Paper and Paper Products	1809.96
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1240.50
Chemicals and Chemical Products (Dyes, Paints, etc.,)	2201.56
Of which Fertilisers	105.35
Of Which Drugs and Pharmaceuticals	751.82
Of which Others	1344.39
Rubber, Plastic and their products	1099.40
Glass & Glassware	136.04
Cement and Cement Products	1518.98
Iron and Steel	10799.19
Other Metal and Metal Products	2207.33
All Engineering	5244.29
Of which Electronics	442.94
Vehicles, Vehicle Parts and Transport Equipments	3091.24
Gems and Jewellery	1029.95
Construction	2393.06
Infrastructure	24764.45
Of which Roadways	7369.56
Of which Energy	15931.91
Of which Electricity (Generation-transportation and distribution)	14706.35
Of which Telecommunications	1462.98
Other Industries	481.12
Residuary Other Advances to balance Gross Advances	107709.93
Of which Aviation Sector	1991.62
Total Loans and Advances	**181081.01**

Table DF-4

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative disclosures:

General Principle:

In accordance with the RBI guidelines, the Bank has adopted Basel III Capital Adequacy Framework for computation of capital for credit risk. In computation of capital, the bank has assigned risk weight to different asset classes as prescribed by the RBI from time to time.

External Credit Ratings:

Ratings of borrowers by External Credit Rating Agencies (ECRA) assume importance in the light of Guidelines for implementation of the Basel III Capital Adequacy Framework. Exposures on Corporates / Public Sector Enterprises/ Primary Dealers are assigned with risk weights based on available external ratings. For this purpose, the Reserve Bank of India has permitted Banks to use the ratings of six domestic ECRAs viz. Credit Analysis and Research Ltd (CARE), CRISIL Ltd, FITCH India (renamed as India Ratings) and ICRA Ltd, Brickworks Rating Services India Ltd and Small and Medium Enterprises Rating Agency Ltd (SMERA)

In consideration of the above, the Bank has decided to accept the ratings assigned by all these ECRAs for capital relief purpose. The RBI has provided for mapping public issue ratings on to comparable assets into banking book. However, this particular provision has not been taken into account in Credit Risk Capital Computation.

The bank uses only solicited external ratings for capital computation purpose. Borrowers at their option can approach any one or more of the above ECRAs for their rating. External ratings assigned fresh or reviewed during the previous 15 months are reckoned for capital computation by the bank. Wherever a borrower possesses more than one rating from ECRAs the guidelines prescribed by the RBI are followed as regards to assignment of risk weight for computation of capital.

Internal Credit Rating:

The bank has a well structured internal credit rating mechanism to evaluate the credit risk associated with a borrower and accordingly the systems are in place for taking credit decision as regards the acceptability of proposals and level of exposures and pricing. The bank has prescribed entry level rating in case of new accounts. Accounts with ratings below the entry level can be considered only by higher authorities as per the delegated powers prescribed.

Presently, the internal ratings cannot be used for application of risk weight under Standardised Approach of capital computation. The bank takes into consideration the borrower's loan exposure credit ratings assigned by the approved ECRAs while computing the capital for credit risk under corporate and PSE segments.

In case of investment in particular issues of Corporates / PSEs, the issue specific rating of the approved ECRAs are reckoned and accordingly the risk weights have been applied after a corresponding mapping to rating scale provided in RBI guidelines.

For the purpose of capital computation of overseas exposures, ratings assigned by the international rating agencies namely Fitch, Moody's and Standard & Poor's are used as per RBI guidelines.

As regards the coverage of exposures in India by external ratings as relevant for capital computation under Standardised Approach, the process needs to be popularized among the borrowers so as to take the benefit of capital relief available for better-rated customers. The borrowers need to consider the external rating as an opportunity for their business development

Quantitative Disclosures (₹. In Crore)

Classification	Exposure After Mitigation (EAM)	EAM covered under External Rating	Unrated
ADVANCES / INVESTMENT			
Below 100% risk weight	100317.77	11636.81	88680.96
100% risk weight	107174.19	11087.56	96086.63
More than 100% risk weight	20855.99	4002.21	16853.78
Deducted	0	0	0
TOTAL	**228347.95**	**26726.58**	**201621.37**
OTHER ASSETS			
Below 100% risk weight	24813.84	858.15	23955.70
100% risk weight	6774.41	0	6774.41
More than 100% risk weight	0	0	0
Deducted	0	0	0
TOTAL	**31588.25**	**858.15**	**30730.11**

Table DF – 5

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Qualitative disclosures:

Policy on Credit Risk Mitigation:

In line with the regulatory requirements, the bank has put in place a well-articulated policy on collateral management and credit risk mitigation techniques duly approved by the bank's Board. The Policy lays down the type of securities normally accepted by the bank for lending and administration/ monitoring of such securities in order to safeguard /protect the interest of the bank so as to minimize the risk associated with it.

The main types of securities (both prime and collateral) accepted by the Bank includes Bank's own deposits, Gold/ Ornaments, Kisan Vikas Patras, 10 year Social Security Certificates, Shares and debentures, Central and State Govt. securities, Life Insurance Policies, Mutual Fund units, Immovable Properties, Plant and Machinery, Goods and Merchandise, Documents of Title to Goods, Book debts, Vehicles and other moveable assets etc. The bank has also framed a well-defined policy on valuation of immovable properties and Plant and Machineries duly approved by Board.

Credit Risk Mitigation under Standardised Approach:

(a) Eligible Financial Collaterals:

As advised by RBI, the Bank has adopted the comprehensive approach relating to credit risk mitigation under Standardised Approach, which allows offset of securities (prime and collateral) against exposures, by effectively reducing the exposure amount by the value ascribed to the securities. Thus the eligible financial collaterals are fully made use of to reduce the credit exposure in computation of credit risk capital. In doing so, in line with RBI guidelines, the bank has recognized specific securities viz (a) cash/bank deposits (b) gold/ornaments (c) life insurance policies (d) kisan vikas patras (after a lock in period of 2 ½ years).

(b) On Balance Sheet Nettings:

As per Bank's policy on utilization of the credit risk mitigation techniques and collateral management, on–balance sheet netting has been reckoned to the extent of deposits available against loans/advances of the borrower (maximum to the extent of exposure), where bank has legally enforceable netting arrangements involving specific lien with proof of documentation as prescribed by RBI. In such cases, the capital computation is done on the basis of net credit exposure.

(c) Eligible Guarantees:

Other approved form of credit risk mitigation is availability of "Eligible Guarantees". In computation of credit risk capital, types of guarantees recognized as mitigation, in line with RBI guidelines are (a) Central Government (0%) (b) State Government (20%), (c) CGTMSE (0%) (d) ECGC (20%) (e) Banks in the form of Bills Purchased/discounted under Letters of Credit (both domestic and foreign banks as per guidelines).

The bank has ensured compliance of legal certainty as prescribed by the RBI in the matter of credit risk mitigation.

Concentration risk in credit risk mitigation:

Policies and process are in place indicating the type of mitigants the bank use for capital computation under the Standardised approach. All types of securities (financial collaterals) eligible for mitigation are easily realizable financial securities. As such, the bank doesn't envisage any concentration risk in credit risk mitigation used and presently no limit/ceiling has been prescribed for the quantum of each type of collateral under credit risk mitigation.

Quantitative Disclosures	(₹. in Crore)
For each separately disclosed credit risk portfolio, the exposure (after, where applicable, on or off balance sheet netting) that is covered by Eligible Financial Collateral after application of haircuts	23508.53
Domestic Sovereign	0.00
Foreign Sovereign	0.00
Public Sector Entities	45.64
Banks – Schedule (INR)	0.00
Foreign Bank claims in FCY	0.00
Primary Dealers	0.00
Corporates	2701.39
Regulatory Retail Portfolio (RRP)	14092.29
Claims secured by Residential Property	21.09
Claims secured by Commercial Real Estate	90.93
Consumer Credit	6264.49
Capital Market Exposure	1.02
NBFC	50.72
Venture Capital	0.00
Non Performing Assets – a) Housing Loan	0.19
Non Performing Assets – b) Others	29.78
Other Assets – Staff Loans	53.04
Other Assets	97.48
Restructured Accounts	27.99
Claims secured by C.R.E-RH	32.48

Quantitative Disclosures	(₹. in Crore)
For each separately disclosed credit risk portfolio, the total exposure (after, where applicable, on or off balance sheet netting) that is covered by guarantees / Credit Derivatives (whenever specifically permitted by RBI)	13840.02
Public Sector Entities	8107.26
Corporates	3843.08
Regulatory Retail Portfolio (RRP)	1008.69
Restructured	785.22
Capital Market Exposure	0.00
CRE	73.52
CRE-RH	22.26

Table DF 6

SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH

Qualitative Disclosures a) The general qualitative disclosure requirement with respect to securitisation, including a discussion of: • The bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities. • The nature of other risks (e.g. liquidity risk) inherent in securitized assets • The various roles played by the bank in securitisation process (for example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider, protection provider) and an indication of the extent of the bank's involvement in each of them; • A description of the processes in place to monitor changes in the credit and market risk of securitization exposures (for example, how the behaviour of the underlying assets impacts securitization exposures as defined in para 5.16.1 of the Master Circular of NCAF dated July 1, 2009); • A description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposure;	No securitisation for the year ended 31.03.2014
b) Summary of the bank's accounting policies for securitisation activities, including : • Whether the transactions are treated as sales or financings; • Methods and key assumptions (including inputs) applied in valuing positions retained or purchased. • Change in methods and key assumptions from the previous period and impact of the changes; • Policies for recognizing liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets;	
c) In the banking book, the names of ECAIs used for securitisations and the types of securitisation exposure for which each agency is used.	
Quantitative Disclosures in Banking Book d) Total amount of exposures securitised by the bank. e) For exposures securitised losses recognized by the Bank during the current period broken by the exposure type (e.g. Credit cards, Housing loans, auto loans, etc. detailed by underlying security) f) Amount of assets intended to be securitized within a year. g) Of (f), amount of assets originated within a year before securitization. h) The total amount of exposures securitized (by exposure type) and unrecognized gain or losses on sale by exposure type. i) Aggregate amount of securitisation exposures retained or purchased broken down by exposure type and off balance sheet securitization exposures broken down by exposure type. j) Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach. * Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from Total Capital (by exposure type).	Not applicable
Quantitative Disclosure: Trading Book k) Aggregate amount of exposures securitized by the bank for which the bank had retained sum exposures and which is subject to market risk approach, by exposure type. l) Aggregate amount of: • On-balance sheet securitisation exposures retained or purchased broken down by exposure type; and • Off-balance sheet securitiesation exposures broken down by exposure type.	
m) Aggregate amount of securitization exposures retained or purchased separately for: • Securitisation exposures retained or purchased subject to comprehensive Risk Measure for specific risk; and • Securitisation exposures subject to the securitization framework for specific risk broken down into different risk weight bands. n) Aggregate amount of: • the capital requirements for the securitization exposures, subject to the securitization framework broken down into different risk weight bands. • Securitization exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).	

Table DF – 7

Market Risk in Trading Book:

Qualitative disclosure:

Market Risk:

Market Risk is defined as the possibility of loss to a bank in on & off-balance sheet position caused by changes/movements in market variables such as interest rate, foreign currency exchange rate, equity prices and commodity prices. Bank's exposure to market risk arises from domestic investments (interest related instruments and equities) in trading book (Both AFS and HFT categories), the Foreign Exchange positions (including open position, if any, in precious metals) and trading related derivatives. The objective of the market risk management is to minimize the impact of losses on earnings and erosion of equity capital arising from market risk.

Policies for management of market risk:

The bank has put in place Board approved Market Risk Management Policy and Asset Liability Management (ALM) policy for effective management of market risk in the bank. Other policies which also deal with market risk management are Funds Management and Investment Policy, Derivative Policy, Risk Management Policy for forex operations and Stress testing policy. The market risk management policy lays down well defined organization structure for market risk management functions and processes whereby the market risks carried by the bank are identified, measured, monitored and controlled within the ALM framework, consistent with the Bank's risk tolerance. The policies set various risk limits for effective management of market risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The policies also deal with the reporting framework for effective monitoring of market risk.

The ALM policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, liquidity risk is managed through GAP analysis based on residual maturity/behavioral pattern of assets and liabilities on daily basis based on best available information data coverage as prescribed by RBI. The liquidity risk through Structural Liquidity statement was hither too reported to RBI for domestic operation while the same was managed separately at each overseas center and placed to ALCO for control purpose in the past. However as per recent RBI circular, w.e.f March 2013 onwards the liquidity risk is to be computed and submitted to RBI in rupee and foreign currency for domestic operations, overseas centers and consolidated for Bank operations at various frequencies.

The bank has put in place mechanism of short-term dynamic liquidity management and contingent funding plan. Prudential (tolerance) limits are prescribed for different residual maturity time buckets for efficient asset liability management. Liquidity profile of the bank is evaluated through various liquidity ratios. The bank has also drawn various contingent measures to deal with any kind of stress on liquidity position. Bank ensures adequate liquidity management by Domestic Treasury through systematic and stable funds planning.

Interest rate risk is managed through use of GAP analysis of rate sensitive assets and liabilities and monitored through prudential (tolerance) limits prescribed for global operations. The bank estimates earnings at risk for domestic operations and modified duration gap for global operations periodically for assessing the impact on Net Interest Income and Economic Value of Equity with a view to optimize shareholder value.

The Asset-Liability Management Committee (ALCO) / Board monitors adherence to prudential limits fixed by the Bank and determines the strategy in the light of the market conditions (current and expected) as articulated in the ALM policy. The mid-office monitors adherence to the prudential limits on a continuous basis. ALCO subcommittee which meets twice a week analyze the liquidity position, decide on price for bulk deposits and assess contingency funding requirement which is reported to ALCO in the subsequent meeting.

Quantitative Disclosures:

In line with the RBI's guidelines, the Bank has computed capital for market risk as per Standardised Duration Approach of Basel-II framework for maintaining capital. The capital requirement for market risk as on 31.03.2014 in trading book of the bank is as under:

(₹. In Crore)

Type of Market Risk	Risk Weighted Asset (Notional)	Capital Requirement
Interest rate risk	6383.22	574.49
Equity position risk	2248.67	202.38
Foreign exchange risk	101.67	9.15
TOTAL	**8733.56**	**786.02**

Table DF – 8

Operational Risk

Qualitative disclosures:

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risk.

Policies on Management of Operational risk:

The bank has framed operational risk management policy duly approved by the Board. Other policies adopted by the Board which deal with management of operational risk are (a) Information Systems security policy (b) forex risk management policy (c) Policy document on know your customer (KYC) and Anti-Money Laundering (AML) procedures (d) IT Business continuity and disaster recovery plan (IT-BC-DRP) (e) compliance policy and (f) policy on outsourcing of Financial Services.

The operational risk management policy adopted by the Bank outlines organization structure and detailed processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management processes of the bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling or mitigating operational risk and by timely reporting of operational risk exposures including material operational losses. Operational risks in the bank are managed through comprehensive and well-articulated internal control framework.

The Bank has got embodied in its Book of Instructions well-defined systems and procedures for various operations.

The bank has issued detailed guidelines for handling computerized operations and a system of EDP audit is in place to ensure adherence to the laid down systems and procedures. The Bank has clear guidelines as to the role functions of various levels of employees. A training system with provision for giving specialized training in credit /forex and other functional areas is in place. Conduct rules and service regulations for all the employees are also in place.

Various internal and external audit systems are in place to ensure that laid down systems and procedures are followed and timely actions are initiated for rectifying the deficiencies.

The Bank has put in place Compliance Policy duly approved by Board. In terms of the RBI guidelines on compliance functions in banks, the bank has established separate "Compliance Department" in C.O. independent of business group. Compliance officers are designated in each branch /department/office to monitor the level of compliance. The methodologies and system have been devised and put in place for assessment of level of compliance. Reporting systems on compliance function have been devised and put in place.

In line with the final guidelines issued by RBI, our bank is adopting the Basic Indicator Approach for computing capital for operational risk. As per the guidelines the banks must hold capital for operational risk equal to 15% of positive average annual gross income over the previous three years as defined by RBI.

Bank had made application to RBI for "Migration to The Standardized Approach" (TSA) for computation of capital charge for Operational Risk from "Basic Indicator Approach". Bank had also made a presentation to RBI on our preparedness and technological capability for migration to TSA. Bank is in the process of fine tuning the preparedness for migration as suggested by RBI.

Quantitative disclosures (₹. in crores)

Parameter	Capital amount	Notional Risk Weighted Assets
15% of positive average annual gross income over the previous 3 years as defined by RBI	958.27	10647.44

Table DF –9 Interest rate risk on the Banking Book:

Qualitative disclosures:

Interest rate risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates may affect both the current earnings (earnings perspective) as also the net worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact on the Net Interest Income (NII) or Net Interest Margin. Similarly the risk from economic value perspective can be measured as drop in Economic Value of Equity.

The bank identifies the risks associated with the changing interest rates on its on-balance sheet and off-balance sheet exposures in the banking book from a short term (Earnings perspective) and long term Economic Value Perspective. The impact on income (Earnings Perspective) for domestic operations is measured through use of GAP analysis by applying notional rate shock up to 200 bps as prescribed in the bank's ALM Policy over one year horizon. Prudential limits have been prescribed for such impacts as a percentage of Net Interest Income of the bank and the same is monitored periodically. For the calculation of impacts on earnings, the Traditional Gap Analysis for domestic operation is taken from the Rate Sensitivity Statement and based on the remaining period from the mid point of a particular bucket the impact for change in interest rate up to 200 bps is arrived at. The same is reported to Board and ALCO periodically along with the Rate Sensitivity Statement. The limits are fixed on the basis of previous year's Net Interest Income (NII).

The bank has adopted traditional gap analysis combined with duration gap analysis for assessing the impact (as a percentage) on the Economic Value of Equity (Economic Value Perspective) on global operations by applying a notional interest rate shock of 200 bps over a time horizon of one year. For the purpose a limit of (+/-) 1.00% for modified duration gap is prescribed in the Bank's ALM policy and the position is monitored periodically.

The bank calculates Duration Gap and the impact on Economic Value of Equity on a monthly basis. Assets and liabilities are grouped as per rate sensitivity statement and bucket-wise modified duration is computed for these groups of Assets and Liabilities using common maturity, coupon and yield parameters. Wherever possible, the Modified Duration is calculated on individual item wise. In case of non maturity deposits, the bank has conducted behavioural studies for a period of three years as prescribed by RBI to have a realistic assessment of the interest rate sensitivity.

The bank is computing the interest rate risk position in each currency applying the Duration Gap Analysis (DGA) and Traditional Gap Analysis (TGA) to the Rate Sensitive Assets (RSA)/ Rate Sensitive Liabilities (RSL) items in that currency, where either the assets, or liabilities are 5 per cent or more of the total of either the bank's global assets or global liabilities. The interest rate risk positions in all other residual currencies are computed separately on an aggregate basis.

The quarterly returns are submitted within 21 days from the end of the quarter and monthly returns within 15 days from the end of the month to RBI as per guidelines.

Quantitative Disclosures

The impact of changes of Net Interest Income (NII) and Economic Value of Equity (EVE) calculated as on 31.03.2014 by applying notional interest rate shocks as discussed above are as under

(₹ in crore)

Change in Interest Rate	ALM Policy Limit for EaR	Earnings at Risk (EaR) 31.03.2014	
		Up to 1 year	Up to 5 years
0.25% change	166.65 (3% of NII of previous year)	149.57	115.73
0.50% change	333.29 (6% of NII of previous year)	299.14	231.46
0.75% change	499.94 (9% of NII of previous year)	448.71	347.19
1.00% change	666.59 (12% of NII of previous year)	598.28	462.92
2.00% change	1333.17 (24% of NII of previous year)	1196.56	925.84

ECONOMIC VALUE OF EQUITY	31.03.2014
Modified Duration Gap (DGAP)	-0.0100%
Limit as per ALM Policy	(+/-)1.00%
Market value of Equity (MVE)	
For a 200 BPS Rate Shock the Drop in Equity Value	-0.5400%

Table DF – 10: General Disclosure for Exposures Related to Counterparty Credit Risk

Qualitative Disclosure	The following key financial and non-financial parameters are taken into consideration while fixing counter party limits
FINANCIAL/NON FINANCIAL PARAMETERS	**DETAILS**
FINANCIAL	
a. Capital Adequacy Ratio [CAR]	Banks with CAR of 10% and above are assigned maximum weightage of 25% and below 8% is assigned 0%. Banks with CAR of less than 6% are assigned with discount factors of 25% that will be deducted from the total weightage arrived at for computation of counter party limits.
b. Return On Assets [RoA] – Profitability	Banks with ROA of more than or equal to 1.10 are assigned maximum weightage of 20% and the ROA less than 0.15% are assigned as 0%.
c. Gross NPA / Net NPA – Asset Quality	Banks with Gross NPA (for Foreign Banks)/ Net NPA (for Indian Banks) of less than 3.00 % are assigned Maximum weightage of 20 % and the Gross NPA / Net NPA more than or equal to 9.00 % are assigned Zero Weightage. Banks with Gross NPA / Net NPA more than 15% are assigned with discount factors of 20% that is deducted from the total weightage arrived at for computation of counter party limits. However, this will not be applicable to Banks owned by Govt. (Government holding majority share)
d. External Agencies Ratings(Moody Investors Service or Standard & Poor's)	Ratings of Standard & Poors, Moody's or Fitch and domestic rating agencies like CRISIL, ICRA, CARE or Brickworks in India are considered for arriving at the counter party limits. Banks rated with the highest / high quality / Exceptional / Excellent grade are assigned a maximum weightage of 25% and the unrated shall have a Zero weightage . Most of the Banks in India get themselves rated by rating agencies in India or abroad for their Tier II issuances, borrowing abroad. However, some banks may not have any rating at all by recognized rating agencies. Such banks will be assigned a weightage of only 5% while assessing counter party limits. Wherever both the ratings are available, lower one will be reckoned and the weightage is assigned accordingly.

e. Tier One Capital in Absolute Terms	Quantum of exposure assumable in relation to the networth of a counter party bank ranges from 15 % to 50 % of net worth
NON – FINANCIAL Reciprocal Business / Relationship Govt. Supported Banks/Indian Public/ Private Sector banks Country of Incorporation	In addition to the above five key financial parameters there are many other key parameters assessed while forming judgment on the counter party bank. The important among them are a) The spread and nature of the ownership structure b) Management Ability c) Peer comparison d) Importance of the Bank in the Economy and e) Country of Incorporation / Regulatory Environment. There are some banks where bank has to consider limits not based on the financial parameters but simply based on their relationship, reciprocal arrangements, business considerations, requests from Indian branches, overseas centres, etc. Wherever deemed necessary, the weightage ranging from 0% to 10% shall be considered for Govt. supported Banks / Indian Private Sector Banks/Active correspondent banks.

Quantitative Disclosure (₹ in crore)

No	Particulars	Notional Amount	MTM	Total current credit exposure
1	Derivatives	1433.68	69.70	168.38
2	Interest Rates Contract/Swaps	7406.51	216.18	297.66
3	Forward Purchase / Sales Contract	19432.91	Nil	783.38
4	Credit Derivatives	Nil	Nil	Nil
5	Credit Default Swaps	Nil	Nil	Nil

Table DF – 11: Composition of Capital

Part I : Template to be used only from March 31,2017 : Not Applicable

Part II : Template to be used before March 31,2017 (i.e. during the transition period of Basel III regulatory adjustment)

(₹ in crore)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017) **Common Equity Tier 1 capital: instruments and reserves**			**Amounts Subject to Pre-Basel III Treatment**
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	6080.48	6080.48
2	Retained earnings	7490.30	7490.30
3	Accumulated other comprehensive income (and other reserves)	0	0
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0	0
	Public sector capital injections grandfathered until 1 January 2018	0	0
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0	0
6	**Common Equity Tier 1 capital before regulatory adjustments**	**13570.78**	**13570.78**
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	-	-
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-	-
10	Deferred tax assets	-	-

11	Cash-flow hedge reserve	-	-
12	Shortfall of provisions to expected losses	-	-
13	Securitisation gain on sale	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
15	Defined-benefit pension fund net assets	201.05	0.00
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-	-
17	Reciprocal cross-holdings in common equity	55.48	0.00
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)	0.00	207.62
20	Mortgage servicing rights(amount above 10% threshold)	0	0
21	Deferred tax assets arising from temporary differences(amount above 10% threshold, net of related tax liability)	0	0
22	Amount exceeding the 15% threshold	0	0
23	of which: significant investments in the common stock of financial entities	0	0
24	of which: mortgage servicing rights	0	0
25	of which: deferred tax assets arising from temporary differences	0	0
26	National specific regulatory adjustments (26a+26b+26c+26d)	0	0
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	0	0
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	0	0
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0	0
26d	of which: Unamortised pension funds expenditures	0	0
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-	-
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-	-
	of which: [INSERT TYPE OF ADJUSTMENT]	-	-
	of which: [INSERT TYPE OF ADJUSTMENT]	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0	0
28	**Total regulatory adjustments to Common equity Tier 1**	**256.53**	**207.62**

29	**Common Equity Tier 1 capital (CET1)**	**13314.25**	**13363.16**
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	624.00	780.00
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0	0
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	624.00	780.00
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0	0
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)	0	0
35	of which: instruments issued by subsidiaries subject to phase out	0	0
36	**Additional Tier 1 capital before regulatory adjustments**	**624.00**	**780.00**
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	75.00	75.00
38	Reciprocal cross-holdings in Additional Tier 1 instruments	10.00	0.00
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)	0	0
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)	0	0
41	National specific regulatory adjustments (41a+41b)	0	0
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0	0
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0	0
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	0	0
	of which: [INSERT TYPE OF ADJUSTMENT e.g. DTAs]	-	-
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-	-
	of which: [INSERT TYPE OF ADJUSTMENT]	-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
43	**Total regulatory adjustments to Additional Tier 1 capital**	85.00	75.00
44	**Additional Tier 1 capital (AT1)**	**539.00**	**705.00**
44a	**Additional Tier 1 capital reckoned for capital adequacy**	**539.00**	**705.00**
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	**13853.25**	**14068.15**

Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1902.00	1902.00
47	Directly issued capital instruments subject to phase out from Tier 2	2105.84	2632.30
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)	0	0
49	of which: instruments issued by subsidiaries subject to phase out	0	0
50	Provisions	2212.65	2212.65
51	**Tier 2 capital before regulatory adjustments**	**6220.49**	**6746.95**
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	55.00	55.00
53	Reciprocal cross-holdings in Tier 2 instruments	30.00	0.00
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)	0	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
56	National specific regulatory adjustments (56a+56b)		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0	
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	0	207.62
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]		207.62
	of which: [INSERT TYPE OF ADJUSTMENT	0	0
57	**Total regulatory adjustments to Tier 2 capital**	85.00	262.62
58	**Tier 2 capital (T2)**	6135.49	6484.33
58a	**Tier 2 capital reckoned for capital adequacy**	**6135.49**	**6484.33**
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	0	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**6135.49**	**6484.33**
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**19988.74**	**20552.49**
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	0.00	
	of which: [INSERT TYPE OF ADJUSTMENT]		
	of which: …	0	
60	**Total risk weighted assets (60a + 60b + 60c)**	185476.44	
60a	of which: total credit risk weighted assets	166095.40	

60b	of which: total market risk weighted assets	8733.60	
60c	of which: total operational risk weighted assets	10647.44	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	7.18%	
62	Tier 1 (as a percentage of risk weighted assets)	7.47%	
63	Total capital (as a percentage of risk weighted assets)	10.78%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.00%	
65	of which: capital conservation buffer requirement	0	
66	of which: bank specific countercyclical buffer requirement	0	
67	of which: G-SIB buffer requirement	0	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	2.18%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.00%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	6.00%	
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)	0	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0	
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)	2212.65	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2318.46	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase out arrangements	624.00	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	156.00	

84	Current cap on T2 instruments subject to phase out arrangements	2105.84	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	526.46	

Notes to the Template (₹. in crore)

Row No. of the template	Particular	
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0
	Total as indicated in row 10	0
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	0
	of which: Increase in Common Equity Tier 1 capital	0
	of which: Increase in Additional Tier 1 capital	0
	of which: Increase in Tier 2 capital	0
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0
	(i) Increase in Common Equity Tier 1 capital	0
	(ii) Increase in risk weighted assets	0
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)	0
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0
50	Eligible Provisions included in Tier 2 capital	1396.39
	Eligible Revaluation Reserves included in Tier 2 capital	816.26
	Total of row 50	2212.65
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)	0

Table DF – 12: Composition of Capital-Reconciliation Requirements (₹. in.crore)

		Balance Sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	**Capital & Liabilities**		
i	**Paid up Capital**	1235.35	1235.35
	Reserves and Surplus	14934.82	14934.82
	Minority Interest	0	0
	Total Capital	**16170.17**	**16170.17**

ii	**Deposits**	**227976.09**	**227976.09**
	of which : Deposit from Banks	431.44	431.44
	of which : customer deposits	227544.65	227544.65
	of which : Others	0	0
iii	**Borrowings**	**24456.04**	**24456.04**
	of which : From RBI	4175.00	4175.00
	of which : From bank	11474.28	11474.28
	of which : from other institutional & agencies	2204.45	2204.45
	of which : Others(pl .Specify)	0	0
	of which : Capital instruments	6602.30	6602.30
iv	**Other liabilities and provisions**	**6302.54**	**6302.54**
	Total	**274904.84**	**274904.84**
		Balance Sheet as in financial statements	Balance sheet under regulatory scope of consolidation
B	**Assets**	As on reporting date	As on reporting date
i	Cash and Balances with Reserve Bank of India	**11735.10**	**11735.10**
	Balance with bank and money at call and short notice	**7273.68**	**7273.68**
ii	**Investments:**	**70236.80**	**70236.80**
	of which: Government Securities	61267.63	61267.63
	of which: Other approved securities	51.66	51.66
	of which : shares	1073.81	1073.81
	of which : Debentures & Bonds	5569.91	5569.91
	of which: Subsidiaries/joint Venture/Associates	193.20	193.20
	of which : other (commercial Paper, Mutual Funds etc)	2080.59	2080.59
iii	**Loans and advances**	**175887.77**	**175887.77**
	of which : Loans and advances to banks	1183.35	1183.35
	of which : Loans and advances to customers	174704.42	174704.42
iv	**Fixed assets**	**2604.38**	**2604.38**
v	**Other assets**	**7167.11**	**7167.11**
	of which : Goodwill and intangible assets	0	0
	of which : Deferred tax assets	0	0
vi	**Goodwill on consolidation**	0	0
vii	**Debit balance in Profit & Loss account**	0	0
	Total	**274904.84**	**274904.84**

₹. in.crore)

	Extract of Basel III common disclosure template (with added column)-Table DF-11 (Part I / Part II whichever, applicable)	
	Common Equity Tier 1 capital: instruments and reserve	
		Component of regulatory capital reported by bank.
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	6080.48
2	Retained Earnings	7490.30
3	Accumulated other comprehensive income (and other reserves)	0
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0
6	Common Equity Tier 1 capital before regulatory adjustments	13570.77
7	Prudential valuation adjustment	0
8	Goodwill(net of related tax liability)	0

Table DF – 13:Main Features of regulatory capital instruments

Lower Tier II Bonds

Disclosure template for main features of regulatory capital instruments

		Lower Tier II	**Lower Tier II**	**Lower Tier II**	**Lower Tier II**
		SERIES VI	**SERIES VII**	**SERIES VIII**	**SERIES IX**
1	Issuer	PSU Bank	PSU Bank	PSU Bank	PSU Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09066	INE565A09074	INE565A09082	INE565A09090
3	Governing law(s) of the instrument Regulatory treatment	Chennai	Chennai	Chennai	Chennai
4	Transitional Basel III rules	Tier II	Tier II	Tier II	Tier II
5	Post-transitional Basel III rules	ineligible	ineligible	ineligible	ineligible
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo	Solo
7	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
8	Amount recognised in regulatory capital (₹. In crore, as of most recent reporting date)	0	30	80	100
9	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
10	Account classification	Liability	Liability	Liability	Liability
11	Original date of issuance	26.07.2004	08.01.2005	16.09.2005	09.01.2006
12	Perpetual or dated	dated	dated	dated	dated
13	Original maturity date	26.07.2014	08.04.2015	16.12.2015	09.04.2016
14	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable	Not applicable

15	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 200	nil, nil, 150	nil, nil, 200	nil, nil, 250
16	Subsequent call dates, if applicable Coupons / dividends	Not applicable	Not applicable	Not applicable	Not applicable
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Not available	Not available	Not available	Not available
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down feature	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

Disclosure template for main features of regulatory capital instruments (contd.,)

		Lower Tier II	Lower Tier II	Lower Tier II
		SERIES X	SERIES XI	SERIES XII
1	Issuer	PSU Bank	PSU Bank	PSU Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09108	INE565A09132	INE565A09165
3	Governing law(s) of the instrument	Chennai	Chennai	Chennai
	Regulatory treatment			
4	Transitional Basel III rules	Tier II	Tier II	Tier II
5	Post-transitional Basel III rules	ineligible	ineligible	ineligible
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo
7	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
8	Amount recognised in regulatory capital (₹. In crore, as of most recent reporting date)	120	200	240
9	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
10	Account classification	Liability	Liability	Liability
11	Original date of issuance	13.03.2006	26.07.2006	22.08.2008
12	Perpetual or dated	dated	dated	dated
13	Original maturity date	13.03.2016	26.07.2016	22.08.2018
14	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable
15	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 300	nil, nil, 500	nil, nil, 300
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Not available	Not available	Not available
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors

36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

Disclosure template for main features of regulatory capital instruments (contd.,)

		Lower Tier II	Lower Tier II
		SERIES XIII	**SERIES XIV**
1	Issuer	PSU Bank	PSU Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09181	INE565A09215
3	Governing law(s) of the instrument	Chennai	Chennai
	Regulatory treatment		
4	Transitional Basel III rules	Tier II	Tier II
5	Post-transitional Basel III rules	ineligible	ineligible
6	Eligible at solo/group/group @ solo	Solo	Solo
7	Instrument type	Tier II debt instruments	Tier II debt instruments
8	Amount recognised in regulatory capital (₹. In crore, as of most recent reporting date)	232	1000
9	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs
10	Account classification	Liability	Liability
11	Original date of issuance	24.08.2009	31.12.2010
12	Perpetual or dated	dated	dated
13	Original maturity date	24.08.2019	31.12.2020
14	Issuer call subject to prior supervisory approval	Not applicable	Not applicable
15	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 290	nil, nil, 1000
16	Subsequent call dates, if applicable Coupons / dividends	Not applicable	Not applicable
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Not available	Not available
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	N/A	N/A

32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI

Upper Tier II Bonds

		Upper Tier II	Upper Tier II	Upper Tier II	Upper Tier II
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Issuer	PSU Bank	PSU Bank	PSU Bank	PSU Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09140	INE565A09173	INE565A09199	INE565A09223
3	Governing law(s) of the instrument	Chennai	Chennai	Chennai	Chennai
	Regulatory treatment				
4	Transitional Basel III rules	Tier II	Tier II	Tier II	Tier II
5	Post-transitional Basel III rules	Tier II	Tier II	Tier II	Tier II
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo	Solo
7	Instrument type	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument
8	Amount recognised in regulatory capital (₹. In crore, as of most recent reporting date)	500	655.30	510	967
9	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
10	Account classification	Liability	Liability	Liability	Liability
11	Original date of issuance	05.09.2006	17.09.2008	01.09.2009	10.01.2011
12	Perpetual or dated	dated	dated	dated	dated
13	Original maturity date	05.09.2021	17.09.2023	01.09.2024	10.01.2026
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount (in ₹. crore)	05.09.2016 nil 500	17.09.2018 nil 655.30	01.09.2019 nil 510	10.01.2021 nil 967
16	Subsequent call dates, if applicable Coupons / dividends	No	No	No	No
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate

19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down feature	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI

Perpetual Bonds

		Perpetual	**Perpetual**	**Perpetual**	**Perpetual**
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Issuer	PSU Bank	PSU Bank	PSU Bank	PSU Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09116	INE565A09124	INE565A09157	INE565A09207
3	Governing law(s) of the instrument Regulatory treatment	Chennai	Chennai	Chennai	Chennai
4	Transitional Basel III rules	Additional Tier I	Additional Tier I	Additional Tier I	Additional Tier I
5	Post-transitional Basel III rules	Additional Tier I	Additional Tier I	Additional Tier I	Additional Tier I
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo	Solo
7	Instrument type	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument

8	Amount recognised in regulatory capital (₹. In crore, as of most recent reporting date)	200	200	80	300
9	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
10	Account classification	Liability	Liability	Liability	Liability
11	Original date of issuance	31.03.2006	18.05.2006	30.09.2006	29.09.2009
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	Perpetual	Perpetual	Perpetual	Perpetual
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 200	nil, nil, 200	nil, nil, 80	nil, nil, 300
16	Subsequent call dates, if applicable Coupons / dividends	No	No	No	No
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
19	Existence of a dividend stopper	Yes	Yes	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down feature	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI

Table DF – 14: Full Terms and conditions of Regulatory Capital Instruments

Lower Tier II Bonds

		Lower Tier II	Lower Tier II	Lower Tier II	Lower Tier II
		SERIES VI	**SERIES VII**	**SERIES VIII**	**SERIES IX**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	INE565A09066	INE565A09074	INE565A09082	INE565A09090
2	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
3	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
4	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable	Not applicable
5	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 200	nil, nil, 150	nil, nil, 200	nil, nil, 250
6	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
7	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
8	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
9	Existence of a dividend stopper	Yes	Yes	Yes	Yes
10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
12	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No	No	No	No
16	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

		Lower Tier II	Lower Tier II	Lower Tier II	Lower Tier II
		SERIES X	**SERIES XI**	**SERIES XII**	**SERIES XIII**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	INE565A09108	INE565A09132	INE565A09165	INE565A09181
2	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
3	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
4	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable	Not applicable
5	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 300	nil, nil, 500	nil, nil, 300	nil, nil, 290
6	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
7	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
8	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
9	Existence of a dividend stopper	Yes	Yes	Yes	Yes

10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil
12	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No	No	No	No
16	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

		Lower Tier II
		SERIES XIV
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	INE565A09215
2	Instrument type	Tier II debt instruments
3	Par value of instrument	₹. 10.00 lakhs
4	Issuer call subject to prior supervisory approval	Not applicable
5	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 1000
6	Subsequent call dates, if applicable	Not applicable
7	Fixed or floating dividend/coupon	Fixed
8	Coupon rate and any related index	Coupon rate
9	Existence of a dividend stopper	Yes
10	Fully discretionary, partially discretionary or mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Nil
12	Non-cumulative or cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No
16	If yes, specify non-compliant features	Redemption to be permitted by RBI

Upper Tier II Bonds

		Upper Tier II	**Upper Tier II**	**Upper Tier II**	**Upper Tier II**
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	INE565A09140	INE565A09173	INE565A09199	INE565A09223
2	Instrument type	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument
3	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
4	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
5	Optional call date, contingent call dates and redemption amount (in ₹. crore)	05.09.2016, nil, 500	17.09.2018, nil, 655.30	01.09.2019, nil, 510	10.01.2021, nil, 967
6	Subsequent call dates, if applicable	No	No	No	No

7	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
8	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
9	Existence of a dividend stopper	Yes	Yes	Yes	Yes
10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
12	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No	No	No	No
16	If yes, specify non-compliant features	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI

Perpetual Bonds

		Perpetual	**Perpetual**	**Perpetual**	**Perpetual**
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	INE565A09116	INE565A09124	INE565A09157	INE565A09207
2	Instrument type	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument
3	Par value of instrument	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs	₹. 10.00 lakhs
4	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
5	Original maturity date	Perpetual	Perpetual	Perpetual	Perpetual
6	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
7	Optional call date, contingent call dates and redemption amount (₹. in crore)	nil, nil, 200	nil, nil, 200	nil, nil, 80	nil, nil, 300
8	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
9	Existence of a dividend stopper	Yes	Yes	Yes	Yes
10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
12	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors
15	Non-compliant transitioned features	Yes	Yes	Yes	Yes
16	If yes, specify non-compliant features	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI

INDEPENDENT AUDITORS' REPORT

To

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of Indian Overseas Bank as at 31st March, 2014, which comprise the Balance Sheet as at March 31, 2014, and Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 20 branches audited by us and 1540 branches including 6 overseas branches audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from 1748 branches which have not been subjected to audit. These unaudited branches account for 7.04 per cent of advances, 18.50 per cent of deposits, 18.08 per cent of interest income and 16.40 per cent of interest expenses.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Banking Regulations Act 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:

   (i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2014 in conformity with accounting principles generally accepted in India;

   (ii) the Profit and Loss Account, read with the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India, for the year covered by the account; and

   (iii) the Cash Flow Statement gives a true and fair view of the Cash Flows for the year ended on that date.

7. **Emphasis of Matter**

   a) We draw attention to Note No.8 regarding amortization of pension and gratuity liability of ₹. 1005.21 crore over a period of 5 years from 31.3.2011.

   b) We draw attention to Note No 3.5 regarding utilization of floating provision and counter cyclical provisioning buffer held as on March 31,2013 for meeting specific provision for non performing assets during the year ended March 31,2014 amounting to ₹. 324.20 crore.

   Our opinion is not qualified in respect of the above.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.

9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and subject also to the limitations of disclosure required therein, 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 purposes 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.

(c) The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

FOR BADARI, MADHUSUDHAN & SRINIVASAN
Chartered Accountants
FRN 005389S

(N. SRINIVASAN)
Partner
M.No. 027887

FOR B.THIAGARAJAN & CO
Chartered Accountants
FRN 004371S

(B. THIAGARAJAN)
Partner
M.No.018270

FOR SANKAR & MOORTHY
Chartered Accountants
FRN 003575S

(V.C. JAMES)
Partner
M.No.22565

FOR P.R.MEHRA & CO
Chartered Accountants
FRN 000051N

(SWINDER KUMAR)
Partner
M.No. 014211

FOR DASS KHANNA & CO
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No. 083142

Place: Chennai
Date: 29.04.2014

इण्डियन ओवरसीज़ बैंक

Indian Overseas Bank

केन्द्रीय कार्यालय, 763, अण्णा सालै, चेन्नै 600 002

Central Office:763, Anna Salai,Chennai-600 002

08 मई, 2015

निदेशक मंडल

इण्डियन ओवरसीज़ बैंक

31 03 2015 को समाप्त 12 महीनों के लिए बैंक के वित्तीय विवरण स्टॉक एक्सचेंजों के साथ सूचीबद्ध करार के खण्ड 49-IX सीईओ /सीएफओ का प्रमाणीकरण

सूचीबद्ध करार के खण्ड 49 के अनुसार, हम प्रमाणित करते हैं कि:

क हमारी जानकारी और विश्वास के अनुसार हमने उक्त वर्ष के लिए वित्तीय विवरणों और नकद प्रवाह विवरण की समीक्षा की है :

1. इन विवरणों में कोई भी विवरण विषय की दृष्टि से गलत नहीं है या इनमें कोई भी तथ्य छोड़ा नहीं गया है या भ्रम पैदा करनेवाले ब्योरे शामिल नहीं हैं ;

2. ये सभी विवरण बैंक के क्रियाकलापों की सत्य और सही स्थिति प्रस्तुत करते हैं और ये वर्तमान लेखाकरण मानकों, प्रभावी कानूनों और विनियमों के अनुसार हैं ।

ख हमारी जानकारी एवं विश्वास के अनुसार बैंक ने वर्ष के दौरान ऐसे कोई लेनदेन नहीं किए हैं जो धोखाधड़ीपूर्ण, गैरकानूनी हों या बैंक की आचार संहिता का उल्लंघन करते हों ।

ग हम वित्तीय रिपोर्टिंग के लिए आंतरिक नियंत्रण स्थापित करने और बनाए रखने की जिम्मेदारी लेते हैं तथा हमने वित्तीय रिपोर्टिंग से संबंधित बैंक की आंतरिक नियंत्रण प्रणाली की प्रभावकारिता का मूल्यांकन किया है और इन आंतरिक नियंत्रणों की रचना या परिचालन में यदि कोई कमियां हों, जिसकी जानकारी हमें है और उन्हें सुधारने के संबंध में हमारे द्वारा किए गए उपायों या प्रस्तावित उपायों की जानकारी हमने लेखापरीक्षकों और लेखापरीक्षा समिति को दी है ।

घ हमने लेखापरीक्षकों और लेखापरीक्षा समिति को निम्नलिखित जानकारी दी है:

1. वर्ष के दौरान वित्तीय रिपोर्टिंग पर आंतरिक नियंत्रण में महत्वपूर्ण परिवर्तन किया जाना,

2. वर्ष के दौरान लेखाकरण नीतियों में हुए महत्वपूर्ण परिवर्तन और उन्हें वित्तीय विवरण के नोट्स में प्रकट किया गया और

3. महत्वपूर्ण धोखाधड़ियों की घटनाएं जिनकी हमें जानकारी है और जिनमें प्रबंधन या कर्मचारी के शामिल है जो वित्तीय रिपोर्टिंग विषयक बैंक की आन्तरिक नियंत्रण प्रणाली में महत्वपूर्ण भूमिका निभाते हैं।

(राधा वेंकटकृष्णन)
महाप्रबंधक एवं सीएफओ

(आर. कोटीस्वरन)
प्रबंध निदेशक व मुख्य कार्यपालक अधिकारी

8th May, 2015

To

THE BOARD OF DIRECTORS

INDIAN OVERSEAS BANK

Financial Statements of the Bank for the 12 months ended 31 03 2015 Clause 49 - IX of the Listing Agreement with the Stock Exchanges CEO / CFO Certification

In terms of Clause 49 of the Listing Agreement, we certify that:

a. We have reviewed the financial statements and the cash flow statement for the year and to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee

   i. Significant changes in internal control over financial reporting during the year;

   ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

(RADHA VENKATAKRISHNAN)
General Manager & CFO

(R. KOTEESWARAN)
Managing Director & CEO

AUDITORS' CERTIFICATE

ON CORPORATE GOVERNANCE

To

The Shareholders of
Indian Overseas Bank
Chennai

We have examined the compliance of conditions of Corporate Governance by Indian Overseas Bank, Chennai for the year ended 31.03.2015, as stipulated in Clause 49 of the Listing Agreement of Indian Overseas Bank with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited procedures and implementation thereof, adopted by Indian Overseas Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of Indian Overseas Bank.

On the basis of records and documents maintained by the Bank, the information provided to us and according to the explanation given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per the records maintained by the Registrar and Share Transfer Agent.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For P.R.MEHRA & Co
Chartered Accountants
FRN 000051N

(RAMESH CHAND GOYAL)
Partner
M.No.012628

For DASS KHANNA & Co
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No.083142

For VARDHAMAN & CO
Chartered Accountants
FRN 004522S

(ABHA JAIN)
Partner
M.No.015454

For ASA & ASSOCIATES LLP
Chartered Accountants
FRN 009571N / N500006

(J. SIVASANKARAN)
Partner
M.No.022103

For A V DEVEN & CO
Chartered Accountants
FRN 000726S

(A VASUDEVEN)
Partner
M.No.023882

Place : Chennai
Date : 08.05.2015

BALANCE SHEET AS AT 31.03.2015

(₹ in 000's)

	SCHEDULES	AS AT 31.03.2015	AS AT 31.03.2014
CAPITAL & LIABILITIES			
Capital	01	1235 34 83	1235 34 83
Reserves and Surplus	02	14405 66 94	14934 82 40
Deposits	03	246048 72 15	227976 08 66
Borrowings	04	18232 41 08	24505 77 59
Other Liabilities & Provisions	05	5714 83 35	6246 63 18
TOTAL		**285636 98 35**	**274898 66 66**
ASSETS			
Cash & Balances with Reserve Bank of India	06	12637 77 47	11735 09 75
Balances with Banks and Money at Call and Short Notice	07	12260 77 15	7273 68 03
Investments	08	81310 34 72	70236 79 96
Advances	09	171756 02 06	175881 59 33
Fixed Assets	10	2507 06 48	2604 37 71
Other Assets	11	5165 00 47	7167 11 88
TOTAL		**285636 98 35**	**274898 66 66**
Contingent Liabilities	12	83562 52 13	70262 78 40
Bills for Collection		14916 54 79	14017 39 08
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules Form Part of the Balance Sheet

Vide our Report of Even Date

R. KOTEESWARAN
Managing Director & CEO

ATUL AGARWAL
Executive Director

PAWAN KUMAR BAJAJ
Executive Director

DIRECTORS

Nirmal Chand
R. Sampath Kumar
J.D. Sharma
Niranjan Kumar Agarwal
Chinnaiah
S. Sujatha
A.B.D. Badushas
Sanjay Rungta

For P.R. MEHRA & CO
Chartered Accountants
FRN 000051N

(RAMESH CHAND GOYAL)
Partner
M.No.012628

For DASS KHANNA & CO,
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No.083142

For VARDHAMAN & CO
Chartered Accountants
FRN 004522S

(ABHA JAIN)
Partner
M.No.015454

For ASA & ASSOCIATES LLP
Chartered Accountants
FRN 009571N/ N500006

(J. SIVASANKARAN)
Partner
M.No.022103

For A V DEVEN & CO
Chartered Accountants
FRN 000726S

(A. VASUDEVEN)
Partner
M.No.023882

Place: Chennai
Date: 08.05.2015

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2015

(₹ in 000's)

	SCHEDULES	YEAR ENDED 31.03.2015	YEAR ENDED 31.03.2014
INCOME			
Interest earned	13	23938 33 45	22683 73 38
Other income	14	2138 59 67	2169 34 39
TOTAL		**26076 93 12**	**24853 07 77**
EXPENDITURE			
Interest expended	15	18554 37 59	17106 91 53
Operating expenses	16	4200 21 35	3748 91 81
Provisions & Contingencies (Net)		3776 66 69	3395 50 29
TOTAL		**26531 25 63**	**24251 33 63**
PROFIT / LOSS (–)			
Net Profit / Loss (–) for the year		-454 32 51	601 74 14
Profit /Loss **(–)** brought forward		0	0
TOTAL		**-454 32 51**	**601 74 14**
APPROPRIATIONS			
Transfer to Statutory Reserve		0	150 50 00
Transfer to Revenue and Other Reserves		0	19 61 47
Transfer to Capital Reserve		35 51 23	63 43 81
Transfer to Special Reserve		0	200 00 00
Proposed Dividend (Including Dividend Tax)		0	168 18 86
Balance carried over to Balance Sheet		-489 83 74	0
TOTAL		**-454 32 51**	**601 74 14**
Basic & Diluted Earnings per share (₹)		-3.68	6.05
Nominal Value per Equity Share (₹)		10.00	10.00

Schedules Form Part of the Profit & Loss Account

Vide our Report of Even Date

R. KOTEESWARAN
Managing Director & CEO

ATUL AGARWAL
Executive Director

PAWAN KUMAR BAJAJ
Executive Director

For P.R. MEHRA & CO
Chartered Accountants
FRN 000051N

(RAMESH CHAND GOYAL)
Partner
M.No.012628

For DASS KHANNA & CO,
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No.083142

For VARDHAMAN & CO
Chartered Accountants
FRN 004522S

(ABHA JAIN)
Partner
M.No.015454

DIRECTORS

Nirmal Chand
R. Sampath Kumar
J.D. Sharma
Niranjan Kumar Agarwal
Chinnaiah
S. Sujatha
A.B.D. Badushas
Sanjay Rungta

For ASA & ASSOCIATES LLP
Chartered Accountants
FRN 009571N/ N500006

(J. SIVASANKARAN)
Partner
M.No.022103

For A V DEVEN & CO
Chartered Accountants
FRN 000726S

(A. VASUDEVEN)
Partner
M.No.023882

Place: Chennai
Date: 08.05.2015

SCHEDULES (₹ in 000's)

SCHEDULE - 1 CAPITAL	AS AT 31.03.2015	AS AT 31.03.2014
AUTHORISED CAPITAL		
300,00,00,000 Equity Shares of ₹ 10/- each	3000 00 00	3000 00 00
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
123,53,48,315 Equity Shares of ₹ 10/- each	1235 34 83	1235 34 83
(Includes 91,17,10,848 Shares of ₹ 10/- each held by Government of India)		

SCHEDULE - 2 RESERVES & SURPLUS	AS AT 31.03.2015	AS AT 31.03.2014
I. SHARE PREMIUM		
Opening balance	4845 12 80	3558 33 50
Add: Additions	0	1286 79 30
TOTAL -I	**4845 12 80**	**4845 12 80**
II. STATUTORY RESERVE		
Opening balance	3062 11 87	2911 61 87
Add: Additions	0	150 50 00
TOTAL -II	**3062 11 87**	**3062 11 87**
III. CAPITAL RESERVE		
A. Revaluation Reserve		
Opening Balance	1813 90 57	1147 93 66
Add: Additions*	65 02	845 67 68
Less: Deductions / Depreciation *	108 02 39	179 70 77
TOTAL - A	**1706 53 20**	**1813 90 57**
B. On sale of Investments		
Opening Balance	973 11 92	910 60 61
Add: Additions	35 51 23	62 51 31
TOTAL - B	**1008 63 15**	**973 11 92**
C. Others		
Opening Balance	152 89 13	151 87 87
Add: Additions *	4 05	1 01 26
TOTAL - C	**152 93 18**	**152 89 13**
TOTAL - III (A,B,C)	**2868 09 53**	**2939 91 62**
IV. REVENUE & OTHER RESERVES		
(i) Other Revenue Reserves		
Opening Balance	2560 56 67	2716 67 41
Add: Additions	0	19 61 47
Less: Deduction	0	175 72 21
TOTAL - (i)	**2560 56 67**	**2560 56 67**

 (₹ in 000's)

SCHEDULE - 2 RESERVES & SURPLUS	AS AT 31.03.2015	AS AT 31.03.2014
(ii) Special Reserve		
Opening balance	**741 60 00**	**541 60 00**
Add: Additions	**0**	**200 00 00**
TOTAL - (ii)	**741 60 00**	**741 60 00**
(iii) Investment Reserve Account		
Opening Balance	97 95 58	97 95 58
Add: Additions	0	0
Less: Deductions	0	0
TOTAL - (iii)	**97 95 58**	**97 95 58**
(iv) Foreign Currency Translation Reserve		
Opening balance	687 53 86	496 65 66
Add: Additions	32 50 37	190 88 20
Less: Deduction	0	0
TOTAL - (iv)	**720 04 23**	**687 53 86**
TOTAL - IV (i,ii,iii,iv)	**4120 16 48**	**4087 66 11**
V. PROFIT AND LOSS ACCOUNT	-489 83 74	0
TOTAL (I, II, III, IV & V)	**14405 66 94**	**14934 82 40**

* Includes adjustment on account of conversion of figures relating to foreign branches at the rate of exchange as at 31.03.2015

SCHEDULE - 3 DEPOSITS	AS AT 31.03.2015	AS AT 31.03.2014
A. I. DEMAND DEPOSITS		
i) From Banks	40 85 46	42 74 34
ii) From Others	14599 47 43	13980 00 07
TOTAL - I	**14640 32 89**	**14022 74 41**
II. SAVINGS BANK DEPOSITS	**47101 16 22**	**43743 71 40**
III. TERM DEPOSITS		
i) From Banks	599 02 19	388 69 49
ii) From Others	183708 20 85	169820 93 36
TOTAL - III	**184307 23 04**	**170209 62 85**
TOTAL - A (I,II & III)	**246048 72 15**	**227976 08 66**
B. I) Deposits of branches in India	239819 19 60	219730 70 35
II) Deposits of branches outside India	6229 52 55	8245 38 31
TOTAL - B	**246048 72 15**	**227976 08 66**

SCHEDULES (Contd.) (₹ in 000's)

SCHEDULE - 4 BORROWINGS		AS AT 31.03.2015	AS AT 31.03.2014
I.	**BORROWINGS IN INDIA**		
	Reserve Bank of India	0	4175 00 00
	Other Banks	0	0
	Other Institutions & Agencies	748 72 62	2254 19 32
	Innovative Perpetual Debt Instruments (IPDI)	1780 00 00	780 00 00
	Hybrid Debt Capital Instruments issued as Bonds	2632 30 00	2632 30 00
	Subordinated Debt	2990 00 00	3190 00 00
	TOTAL (I)	**8151 02 62**	**13031 49 32**
II.	**BORROWINGS OUTSIDE INDIA**	**10081 38 46**	**11474 28 27**
	TOTAL (I & II)	**18232 41 08**	**24505 77 59**
III.	Secured borrowings included in I & II above	**748 72 62**	**6429 19 32**

SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS		AS AT 31.03.2015	AS AT 31.03.2014
I.	Bills Payable	521 09 62	547 35 93
II.	Inter Office Adjustments (Net)	710 11 65	746 15 05
III.	Interest Accrued	697 74 05	584 78 18
IV.	Others (including provisions)	3785 88 03	4368 34 02
	TOTAL	**5714 83 35**	**6246 63 18**

SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		AS AT 31.03.2015	AS AT 31.03.2014
I.	Cash on hand (including Foreign currency notes & ATM cash)	1489 70 16	1111 94 23
II.	Balances with Reserve Bank of India		
	i) in Current Account	11148 07 31	10623 15 52
	ii) in Other Accounts	0	0
	TOTAL	**12637 77 47**	**11735 09 75**

SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		AS AT 31.03.2015	AS AT 31.03.2014
I.	In India		
	i) Balances with Banks		
	a) In Current Accounts	55 25 34	50 08 47
	b) In Other Deposit Accounts	36 92 34	36 93 65
	ii) Money at Call and Short Notice		
	a) With Banks	2449 99 32	50 00 00
	b) With other institutions	5608 11 85	5660 77 02
	TOTAL - I	**8150 28 85**	**5797 79 14**

SCHEDULES (Contd.) (₹ in 000's)

SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	AS AT 31.03.2015	AS AT 31.03.2014
II. Outside India		
a) In Current Accounts	382 35 27	282 97 23
b) In Other Deposit Accounts	3597 69 03	969 42 36
c) Money at Call and Short Notice	130 44 00	223 49 30
TOTAL - II	**4110 48 30**	**1475 88 89**
TOTAL (I & II)	**12260 77 15**	**7273 68 03**

SCHEDULE - 8 INVESTMENTS	AS AT 31.03.2015	AS AT 31.03.2014
I. INVESTMENTS IN INDIA		
i) Government Securities	65861 98 67	58941 11 42
ii) Other Approved Securities	3 10 93	51 65 65
iii) Shares	1358 91 74	1073 71 74
iv) Debentures and Bonds	4495 88 23	4864 84 34
v) Subsidiaries/ Joint Ventures	0	0
vi) Other Investments (Investments in Mutual Funds, Venture Capital Funds Certificate of Deposits and RIDF with NABARD, CP)	6053 87 78	2080 58 96
TOTAL - I	**77773 77 35**	**67011 92 11**
II. INVESTMENTS OUTSIDE INDIA*		
i) Government Securities (including Local Authorities)	2520 04 44	2326 51 39
ii) Other Approved Securities	0	0
iii) Shares	9 59	9 36
iv) Debentures and Bonds	816 85 82	705 07 01
v) Subsidiaries/ Joint Ventures	199 57 52	193 20 09
vi) Other Investments	0	0
TOTAL - II	**3536 57 37**	**3224 87 85**
TOTAL (I & II)	**81310 34 72**	**70236 79 96**
Gross Investments in India	78196 22 37	68005 84 79
Less: Depreciation	422 45 02	993 92 68
Net Investments	77773 77 35	67011 92 11
Gross Investments Outside India*	3536 57 37	3226 44 00
Less: Depreciation	0	1 56 15
Net Investments	3536 57 37	3224 87 85
Total Net Investments	**81310 34 72**	**70236 79 96**

* includes adjustment on account of conversion of figures relating to foreign branches at the rate of exchange as at 31.03.2015

(₹ in 000's)

SCHEDULE - 9 ADVANCES				AS AT 31.03.2015	AS AT 31.03.2014
A	i)	Bills Purchased & Discounted		3755 94 23	5308 92 11
	ii)	Cash Credits, Overdrafts and Loans repayable on demand		80034 41 73	79456 63 82
	iii)	Term Loans		87965 66 10	91116 03 40
		TOTAL		**171756 02 06**	**175881 59 33**
B	i)	Secured by Tangible Assets (includes advances against Book Debts)		148806 53 16	149913 82 86
	ii)	Covered by Bank/Government Guarantees		3116 21 11	3291 58 59
	iii)	Unsecured		19833 27 79	22676 17 88
		TOTAL		**171756 02 06**	**175881 59 33**
C.	I)	Advances in India			
		i)	Priority Sector	59997 17 69	56359 33 44
		ii)	Public Sector	20868 08 16	20424 30 00
		iii)	Banks	11 54 74	659 95 85
		iv)	Others	75774 73 21	79988 07 34
		TOTAL		**156651 53 80**	**157431 66 63**
	II)	Advances Outside India			
		i)	Due from Banks	760 21 52	543 54 59
		ii)	Due from Others		
			a) Bills Purchased & Discounted	1963 43 60	3278 44 49
			b) Syndicated Loans	5418 12 94	6837 73 45
			c) Others	6962 70 20	7790 20 17
		TOTAL		**15104 48 26**	**18449 92 70**
		TOTAL (C-I & C-II)		**171756 02 06**	**175881 59 33**

SCHEDULE - 10 FIXED ASSETS		AS AT 31.03.2015	AS AT 31.03.2014
I.	Premises		
	At cost / revalued amount as on 31st March of Previous Year	2597 47 45	1718 05 55
	Additions during the year *	-6 65 63	880 74 02
		2590 81 82	2598 79 57
	Deductions during the year*	1 92 19	1 32 12
		2588 89 63	2597 47 45
	Depreciation to date	525 63 05	409 07 62
	TOTAL -I	**2063 26 58**	**2188 39 83**
II.	Capital work in progress	44 99 55	37 28 16
	TOTAL - II	**44 99 55**	**37 28 16**

SCHEDULES (Contd.) (₹ in 000's)

SCHEDULE - 10 FIXED ASSETS	AS AT 31.03.2015	AS AT 31.03.2014
III. Other Fixed Assets (including Furniture & Fixtures)		
At cost as on 31st March of Previous Year	1351 40 71	1188 11 86
Additions during the year *	164 88 68	186 51 43
	1516 29 39	1374 63 29
Deductions during the year*	23 18 86	23 22 58
	1493 10 53	1351 40 71
Depreciation to date	1094 30 18	972 70 99
TOTAL - III	**398 80 35**	**378 69 72**
TOTAL (I, II & III)	**2507 06 48**	**2604 37 71**

* Includes adjustment on account of conversion of figures relating to foreign branches at the rate of exchange as at 31.03.2015

SCHEDULE - 11 OTHER ASSETS	AS AT 31.03.2015	AS AT 31.03.2014
i) Inter Office Adjustments (Net)	0	0
ii) Interest Accrued	2782 86 86	2640 21 38
iii) Tax paid in advance / Tax deducted at source	576 52 19	1734 74 43
iv) Stationery & Stamps	11 48 18	10 68 78
v) Non Banking Assets acquired in satisfaction of claims	211 55 39	211 55 39
vi) Others	1582 57 85	2569 91 90
TOTAL	**5165 00 47**	**7167 11 88**

SCHEDULE - 12 CONTINGENT LIABILITIES	AS AT 31.03.2015	AS AT 31.03.2014
i) Claims against the Bank not acknowledged as debts	74 63 59	40 61 36
ii) Liability for partly paid investments	11 60	11 60
iii) Liability on account of outstanding forward exchange contracts	34709 30 28	21248 68 37
iv) Guarantees given on behalf of constituents		
a) In India	20379 62 79	18432 59 85
b) Outside India	1217 31 75	971 18 26
v) Acceptances, Endorsements &Other obligations	17299 21 83	20564 31 27
vi) Other items for which the Bank is contingent liable	9882 30 29	9005 27 69
	83562 52 13	**70262 78 40**

SCHEDULES (Contd.) (₹ in 000's)

SCHEDULE - 13 INTEREST EARNED		Year Ended 31.03.2015	Year Ended 31.03.2014
i)	Interest / discount on advances / bills	17945 58 06	17282 44 41
ii)	Income on investments	5469 73 94	4990 20 36
iii)	Interest on Balances with Reserve Bank of India and Other Inter-Bank Funds	465 84 39	370 90 23
iv)	Others	57 17 06	40 18 38
	TOTAL	**23938 33 45**	**22683 73 38**

SCHEDULE - 14 OTHER INCOME		Year Ended 31.03.2015	Year Ended 31.03.2014
i)	Commission, Exchange and Brokerage	1001 92 99	929 06 56
ii)	Profit on Sale of Investments (Net)	536 29 36	488 80 37
iii)	Loss on Revaluation of Investments (Net)	-253 48 45	-104 51 32
iv)	Profit on sale of land,buildings	1 14 85	1 86 84
v)	Profit on exchange transactions (Net)	258 65 75	274 33 02
vi)	Miscellaneous Income	594 05 17	579 78 92
	TOTAL	**2138 59 67**	**2169 34 39**

SCHEDULE - 15 INTEREST EXPENDED		Year Ended 31.03.2015	Year Ended 31.03.2014
i)	Interest on Deposits	17245 82 90	15408 82 53
ii)	Interest on Reserve Bank of India / Inter-Bank Borrowings	1308 50 68	1697 57 13
iii)	Others	4 01	51 87
	TOTAL	**18554 37 59**	**17106 91 53**

SCHEDULE - 16 OPERATING EXPENSES		Year Ended 31.03.2015	Year Ended 31.03.2014
I)	Payments to and provisions for employees	2649 53 79	2362 61 47
ii)	Rent, Taxes and Lighting	378 25 05	330 41 28
iii)	Printing and Stationery	25 98 55	26 88 61
iv)	Advertisement and Publicity	10 34 44	27 01 31
v)	Depreciation on Bank's property (Net of depreciation transferred from Revaluation Reserve)	149 00 08	141 31 60
vi)	Directors' fees, allowances and expenses	1 33 74	1 39 43
vii)	Auditors' fees and expenses (including Branch auditor's Fees and Expenses)	42 25 18	32 72 28
viii)	Law charges	12 68 65	9 01 22
ix)	Postages, telegrams, telephones, etc.	60 23 63	55 77 31
x)	Repairs and Maintenance	9 73 76	11 90 15
xi)	Insurance	268 06 99	232 06 69
xii)	Other Expenditure	592 77 49	517 80 46
	TOTAL	**4200 21 35**	**3748 91 81**

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

1.1 The financial statements have been prepared under the historical cost convention unless otherwise stated. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions, regulatory / Reserve Bank of India (RBI) guidelines, Accounting Standards / Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) and practices prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with.

Use of Estimates

1.2 The preparation of financial statements requires the Management to make estimates and assumptions which are considered in the reported amounts of assets and liabilities (including Contingent Liabilities) as of the date of the financial statements and reported income and expense for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. Revenue Recognition and Expense Accounting

2.1 Income is recognized on accrual basis on performing assets and on realization basis in respect of non-performing assets as per the prudential norms prescribed by Reserve Bank of India. Recovery in Non Performing Assets is first appropriated towards interest and the balance, if any, towards principal, except in the case of Suit Filed Accounts and accounts under One Time Settlement, where it would be appropriated towards principal.

2.2 Interest on bills purchased/Mortgage Backed Securities, Commission (except on Letter of Credit/Letter of Guarantee/ Government Business), Exchange, Locker Rent and Dividend are accounted for on realization basis.

2.3 Income from consignment sale of precious metals is accounted for as Other Income after the sale is complete.

2.4 Expenditure is accounted for on accrual basis, unless otherwise stated.

2.5 In case of matured overdue Term Deposits, interest is accounted for as and when deposits are renewed. In respect of Inoperative Savings Bank Accounts, unclaimed Savings Bank accounts and unclaimed Term Deposits, interest is accrued as per RBI guidelines.

2.6 Legal expenses in respect of Suit Filed Accounts are charged to Profit and Loss Account. Such amount when recovered is treated as income.

2.7 In respect of foreign branches, Income and Expenditure are recognized / accounted for as per local laws of the respective countries.

3. Foreign Currency Transactions

3.1 Accounting for transactions involving foreign exchange is done in accordance with Accounting Standard (AS) 11, “The Effects of Changes in Foreign Exchange Rates”, issued by The Institute of Chartered Accountants of India.

3.2 Transactions in respect of Treasury(Foreign):

a) Foreign Currency transactions except foreign currency deposits and lending are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction. Foreign Currency deposits and lendings are initially accounted at the then prevailing FEDAI weekly average rate.

b) Closing Balances in NOSTRO and ACU Dollar accounts are stated at closing rates. All foreign currency deposits and lendings including contingent liabilities are stated at the FEDAI weekly average rate applicable for the last week of each quarter. Other assets, liabilities and outstanding forward contracts denominated in foreign currencies are stated at the rates on the date of transaction.

c) The resultant profit or loss on revaluation of all assets, liabilities and outstanding forward exchange contracts including contingent liabilities at year-end exchange rates advised by FEDAI is taken to revenue with corresponding net adjustments to “Other Liabilities and Provisions”/”Other Asset Account” except in case of NOSTRO and ACU Dollar accounts where the accounts stand adjusted at the closing rates.

d) Income and expenditure items are translated at the exchange rates ruling on the date of incorporating the transaction in the books of accounts.

3.3 Translation in respect of overseas branches:

a) As stipulated in Accounting Standard 11, all overseas branches are treated as Non Integral Operations.

b) Assets and Liabilities (including contingent liabilities) are translated at the closing spot rates notified by FEDAI at the end of each quarter.

c) Income and Expenses are translated at quarterly average rate notified by FEDAI at the end of each quarter.

d) The resulting exchange differences are not recognized as income or expense for the period but accumulated in a separate account “Foreign Currency Translation Reserve” till the disposal of the net investment.

4. Investments

4.1 Investments in India are classified into “Held for Trading”, “Available for Sale” and “Held to Maturity” categories in line with the guidelines from Reserve Bank of India. Disclosures of Investments are made under six classifications viz.,

a) Government Securities

b) Other Approved securities including those issued by local bodies,

c) Shares,

d) Bonds &Debentures,

e) Subsidiaries /Joint Ventures,

f) Units of Mutual Funds and Others.

4.2 Interest on Investments, where interest/principal is in arrears for more than 90 days and income from Units of Mutual Funds, is recognized on realisation basis as per prudential norms.

4.3 Valuation of Investments is done in accordance with the guidelines issued by Reserve Bank of India as under:

4.3.1. Individual securities under "Held for Trading" and "Available for Sale" categories are marked to market at quarterly intervals. Central Government securities are valued at market rates declared by FIMMDA. Securities of State Government, other Approved Securities and Bonds & Debentures are valued as per the yield curve, credit spread rating-wise and other methodologies suggested by FIMMDA. Quoted equity shares are valued at market rates, Unquoted equity shares and units of Venture Capital Funds are valued at book value /NAV ascertained from the latest available balance sheets, otherwise the same are valued at Re. 1/- per company /Fund.

Treasury Bills, Commercial Papers and Certificate of Deposits are valued at carrying cost. Units held in Mutual fund schemes are valued at Market Price or Repurchase price or Net Asset Value in that order depending on availability.

Valuation of Preference shares is made on YTM basis with appropriate markup over the YTM rates for Central Government Securities put out by the PDAI/FIMMDA periodically.

Based on the above valuations under each of the six classifications, net depreciation, if any, is provided for and net appreciation, if any, is ignored. Though the book value of individual securities would not undergo any change due to valuation, in the books of account, the investments are stated net of depreciation in the balance sheet.

4.3.2. "Held to Maturity": Such investments are carried at acquisition cost/amortised cost. The excess, if any, of acquisition cost over the face value of each security is amortised on an effective interest rate method, over the remaining period of maturity. Investments in subsidiaries, associates and sponsored institutions and units of Venture capital funds are valued at carrying cost.

4.4 Investments are subject to appropriate provisioning / de -recognition of income, in line with the prudential norms prescribed by Reserve Bank of India for NPA classification. Bonds and Debentures in the nature of advances are also subject to usual prudential norms and accordingly provisions are made, wherever applicable.

4.5 Profit/Loss on sale of Investments in any category is taken to Profit and Loss account. In case of profit on sale of investments in "Held to Maturity" category, profit net of taxes is appropriated to "Capital Reserve Account".

4.6 Broken period interest, Incentive / Front-end fees, brokerage, commission etc. received on acquisition of securities are taken to Profit and Loss account.

4.7 Repo / Reverse Repo transactions are accounted as per RBI guidelines.

4.8 Investments held by overseas branches are classified and valued as per guidelines issued by respective overseas Regulatory Authorities.

5. Advances

5.1 Advances in India have been classified as 'Standard', 'Sub-standard', 'Doubtful' and 'Loss assets' and provisions for losses on such advances are made as per prudential norms issued by Reserve Bank of India from time to time. In case of overseas branches, the classification and provision is made based on the respective country's regulations or as per norms of Reserve Bank of India whichever is higher.

5.2 Advances are stated net of provisions except general provisions for standard advances.

6. Derivatives

6.1 The Bank enters into Derivative Contracts in order to hedge interest bearing assets/ liabilities, and for trading purposes.

6.2 In respect of derivative contracts which are entered for hedging purposes, the net amount receivable/payable is recognized on accrual basis. Gains or losses on termination on such contracts are deferred and recognized over the remaining contractual life of the derivatives or the remaining life of the assets/ liabilities, whichever is earlier. Such derivative contracts are marked to market and the resultant gain or loss is not recognized, except where the derivative contract is designated with an asset/ liability which is also marked to market, in which case, the resulting gain or loss is recorded as an adjustment to the market value of the underlying asset/ liability.

6.3 Derivative contracts entered for trading purposes are marked to market as per the generally accepted practices prevalent in the industry and the changes in the market value are recognized in the profit and loss account. Income and expenses relating to these contracts are recognized on the settlement date. Gain or loss on termination of the trading derivative contracts are recorded as income or expense.

7. Fixed Assets

7.1 Fixed Assets except revalued premises are stated at historical cost.

7.2 Depreciation is provided on straight-line method at the rates considered appropriate by the Management as under:

Premises	2.50%
Furniture	10%
Electrical Installations, Vehicles & Office Equipments	20%
Computers	33 1/3 %
Fire Extinguishers	100%

Depreciation on revalued portion of the fixed assets is withdrawn from revaluation reserve and credited to profit and loss account.

7.3 Depreciation is provided for the full year irrespective of the date of acquisition / revaluation.

7.4 Depreciation is provided on Land and Building as a whole where separate costs are not ascertainable.

7.5 In respect of leasehold properties, premium is amortised over the period of lease.

7.6 Depreciation on Fixed Assets of foreign branches is provided as per the applicable laws/practices of the respective countries.

8. Staff Benefits

8.1 Contribution to Provident Fund is charged to Profit and Loss Account.

8.2 Provision for gratuity and pension liability is made on actuarial basis and contributed to approved Gratuity and Pension Fund. Provision for encashment of accumulated leave payable on retirement or otherwise is based on actuarial valuation at the year-end. However, additional liability accrued during the year on account of Re-opening of pension option and enhancement of Gratuity limit is being amortised over a period of five years.

8.3 In respect of overseas branches gratuity is accounted for as per laws prevailing in the respective countries.

9. Tax on Income

This comprises provision for current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income & taxable income for the period) as determined in accordance with Accounting Standard 22 of ICAI, "Accounting for taxes on income". Deferred tax is recognized subject to consideration of prudence in respect of items of income and expenses those arise at one point of time and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change.

10. Earning per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard - 20, "Earnings Per Share", issued by The Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net profit for the year by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

11. 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 exceed their estimated recoverable amount.

12. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets, if any, are not recognized or disclosed in the financial statements.

Schedule 18

NOTES ON ACCOUNTS

1. Reconciliation

Reconciliation of Inter Bank and Inter Branch transactions has been completed up to 31.3.2015 and steps for elimination of outstanding entries are in progress. The management does not anticipate any material consequential effect on reconciliation / elimination of outstanding entries.

2. Investments

2.1 In accordance with RBI guidelines, the investments portfolio of the Bank has been classified into three categories, as given below:

Category	Gross Book Value (₹ in Crore)		Percentage to Total Investments (%)	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Held to Maturity	56447.61	49408.91	70.79	72.65
Available for Sale	22980.34	18521.72	28.82	27.24
Held for Trading	312.36	75.22	0.39	0.11

2.2 SLR Securities (domestic) under "Held to Maturity" accounted for 22.26 % (previous Year 21.69%) of Bank's Demand and Time liabilities as at the end of March 2015 as against ceiling of 23.50% stipulated by RBI.

2.3 In respect of Held to Maturity category of Investments, premium of ₹ 88.37 Crores was amortized during the year (previous year ₹ 81.26 Crores).

2.4 Securities of Face Value for ₹ 1050 Crores (previous year ₹ 1050 Crores) towards Settlement Guarantee Fund and securities for ₹ 9455 Crores (previous year ₹ 9455 Crores) towards collateral for borrowing under Collateralized Borrowing and Lending Obligations have been kept with Clearing Corporation Of India Limited. We have placed securities of face value ₹ 2500 Crores with RBI for intra-day borrowing. We have also placed Securities to the extent ₹ 10600 Crores with Reserve Bank of India for our borrowing under the LAF window. Besides, a sum of ₹ 15 Crores (previous year ₹ 15 Crores) has been lodged with CCIL towards default fund for Forex operations.

2.5 Shares under Investments in India in Regional Rural Banks is ₹ 222,04,18,450/- (previous year ₹ 222,04,18,450/-) including amount towards share capital Deposits.

2.6 The Bank sold Government Securities from HTM category during the year, both outright and under RBI's Open Market Operations (OMO). The extent of sale by the Bank under OMO was ₹ 20.00 Crores (BV) and earned a profit of ₹ 0.11 Crores. The Bank has also sold Government Securities (other than OMO), to the extent of ₹ 1769.86 Crores (BV) (within 5%, prescribed limit of RBI) and booked a profit of ₹ 53.69 Crores.

3. Advances

3.1 The Classification for advances and provisions for possible loss has been made as per prudential norms issued by Reserve Bank of India.

3.2 Claims pending settlement and claims yet to be lodged with Guarantee Institutions identified by the branches have been considered for provisioning requirements on the basis that such claims are valid and recoverable.

3.3 In assessing the realisability of certain advances, the estimated value of security, Central Government guarantees etc. have been considered for the purpose of asset classification and income recognition.

3.4 The classification of advances, as certified by the Branch Managers have been incorporated, in respect of unaudited branches.

3.5 In terms of Reserve Bank of India Circular No. DBR No. BP. BC. 79/21.04.048/2014-2015, dated March 30, 2015, the Bank has utilized ₹ 150.00 crores (22.79%) of floating provision/ countercyclical provisioning buffer of ₹ 658.22 crores held as on December 31, 2014 for meeting specific provisions for Non-performing Assets during the year ended March 31, 2015.

4. Fixed Assets

4.1 During the year 2014-15, no revaluation was done for land and buildings in India.

4.2 Profit on Sale of Assets for ₹ 1.15 crore (previous year ₹ 1.87 crore), has been appropriated to Capital Reserve.

5. Rupee Interest Rate Swap

An amount of ₹ 0.99 Crores (previous year ₹ 2.33 Crores) is kept on deferred income on account of gains on termination of Rupee Interest Rate Swaps taken for hedging and would be recognized over the remaining contractual life of Swap or life of the Assets/Liabilities, whichever is earlier.

6. Capital and Reserves:

6.1 During the Financial Year 2014-15, Bank had issued Unsecured, Non-Convertible, Additional Tier – I, Basel III Compliant Perpetual Bonds to the extent of ₹ 1000 crore including green shoe option of ₹ 300 crore to augment additional Tier -I capital and overall capital of the Bank for further strengthening the capital adequacy required as per BASEL III norms. The Bond has a face value of ₹ 10 lac per Bond and carries a coupon of 10% per annum payable annually. The entire issue was fully subscribed by investors.

6.2 The Bank has not raised Tier II capital during the current year or in the previous year.

7. Taxes

7.1 Taking into consideration the decisions of Appellate Authorities, judicial pronouncements and the opinion of tax experts, no provision is considered necessary in respect of disputed and other demands of income tax aggregating ₹ 1031.31 crore (previous year ₹ 280.43 crore).

7.2 Tax expense for the year is ₹ 565.76 crore (Previous year ₹ 241.30 crore).

8. Unamortised Pension and Gratuity Liability

On the reopening of pension to employees of Public Sector Banks and enhancement of Gratuity limits, the Bank incurred a liability of ₹ 1005.21 crore in 2010-11. In terms of requirement of Accounting Standard (AS 15) "Employee Benefits", the entire amount of ₹ 1005.21 crore is required to be charged to Profit and Loss Account.

In terms of Reserve Bank of India circular No.DBOD. BP.BC.80/21.04.018/2010-11, on Reopening of Pension Option to employees of Public Sector Banks and enhancement in Gratuity limits – Prudential Regulatory Treatment, dated 09.02.2011, Bank would amortize the amount of ₹ 1005.21 crore over a period of 5 years from 31.3.2011. Accordingly, ₹ 201.04 crore (previous year ₹ 201.04 crore) has been charged to Profit and Loss Account for the year 2014-15 and no balance amount has been carried over.

9. Information relating to vendors registered under Micro, Small and Medium Enterprises Development Act, 2006 and from whom goods and services have been procured by the Bank, is being ascertained.

ADDITIONAL DISCLOSURES

In accordance with the guidelines issued by Reserve Bank of India vide Master Circular dated 1.07.2014, the following additional disclosures are made:-

10. Capital:

(₹ in Crore)

S. No.	Particulars	2014-15	2013-14
		Basel III	Basel III
i)	Common Equity Tier 1 Capital Ratio (%)	6.55%	7.18%
ii)	Tier I Capital (%)	7.30%	7.47%
iii)	Tier 2 Capital (%)	2.81%	3.31%
iv)	Total Capital Ratio (CRAR) %	10.11%	10.78%
v)	Percentage of the shareholding of the Government of India	73.80%	73.80%
vi)	Amount of Equity Capital raised	Nil	1598.04
vii)	Amount of Additional Tier 1 raised	1000.00	Nil
viii)	Amount of Tier 2 capital raised	Nil	Nil

11. Investments

11.1 Value of Investments

(₹ in Crore)

Particulars	31.3.2015	31.3.2014
(I) Gross Value of Investments		
(a) In India	78196.22	68005.85
(b) Outside India	3536.57	3226.44
(ii) Provisions for Depreciation		
(a) In India	422.45	993.92
(b) Outside India	-	1.56
(iii) Net value of Investments		
(a) In India	77773.77	67011.93
(b) Outside India	3536.57	3224.88

11.2 Movement of Provisions held towards depreciation on Investments

(₹ in Crore)

	2014-15	2013-14
(i)Opening Balance	995.49	628.91
(ii)Add: Provisions made during the year	83.68	453.53
(iii)Less: Write-back / Adjustments during the year	656.72	86.95
(iv)Closing Balance	422.45	995.49

11.3 Repo transactions (in face value terms)

(₹ in Crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year		Outstanding as on March 31	
	14-15	13-14	14-15	13-14	14-15	13-14	2015	2014
Securities sold under Repo								
i) Government securities	5.22	21.30	5.22	51.98	0.01	1.20	Nil	Nil
ii) Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Securities Purchased under reverse Repo								
i) Government securities	9.92	4.66	30.60	9.36	0.11	0.05	Nil	Nil
ii) Corporate debt securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

11.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments

(₹ in Crore)

No	Issuer	Amount	Extent of Private Placement	Extent of 'Below investment grade' securities	Extent of 'Unrated' securities	Extent of 'Unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	5381.24	3377.36	1203.51*	Nil	10.39
(ii)	FIs	432.24	416.14	Nil	Nil	6.94
(iii)	Banks	121.03	90.50	Nil	Nil	Nil
(iv)	Private Corporates	4460.81	3796.86	Nil	Nil	407.00
(v)	Subsidiaries / Joint Ventures	2012.25	--	--	--	--
(vi)	Others	5349.24	--	--	128.46	--
(vii)	Provision held towards depreciation	420.71	**XXX**	**XXX**	**XXX**	**XXX**
	Total	**11986.86**	**7680.86**	**1203.51***	**128.46**	**424.33**

*Pertains to Discom bonds

11.5 Non Performing Non SLR Investments

(₹ in Crore)

Particulars	Amount
Opening Balance as on 1st April 2014	143.69
Additions during the year since 1st April	59.49
Reductions during the above period	23.55
Closing Balance as on 31st March 2015	179.63
Total Provisions held	76.45

11.6 Sale and Transfers to/from HTM Category

(₹ in Crore)

Particulars	Amount
Market Value of the investments held in the HTM Category	Nil
Excess of book value over market value for which provision is not made.	Nil

*(Total transfer of securities to/from HTM category was within permissible limit of 5 %.)

12. DERIVATIVES

12.1 Forward Rate Agreement / Interest Rate Swap

(₹ in Crore)

Particulars		2014-15			2013-14		
		Rupee Exposure	FX Exposure	Total	Rupee Exposure	FX Exposure	Total
i)	The notional principal of swap agreements	823.00	6577.27	7400.27	823.00	6356.94	7179.94
ii)	Losses which would be incurred if counter-parties failed to fulfill their obligations under the agreements	0.02	139.27	139.29	0.40	179.62	180.02
iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil	Nil	Nil	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	Nil	Nil	Nil	Nil	Nil	Nil
v)	The fair value of the swap book	-5.77	139.27	139.29	-22.54	179.62	179.62

12.2 Exchange Traded Interest Rate Derivatives

(₹ in Crore)

S. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2015	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	Nil

12.3 DISCLOSURES ON RISK EXPOSURE IN DERIVATIVES

12.3.1 Qualitative Disclosure

Treasury (Foreign)

The Bank uses Interest Rate Swaps (IRS), Currency Swaps and Options for hedging purpose to mitigate interest rate risk and currency risk in banking book. The Bank also offers these products to corporate clients to enable them to manage their own currency and interest rate risk. Such transactions are entered only with Clients and Banks having agreements in place.

a) The Risk Management Policy of the Bank allows using of derivative products to hedge the risk in Interest/Exchange rates that arise on account of overseas borrowing/FCNR(B) portfolio/the asset liability mis-match, for funding overseas branches etc., and also to offer derivative products on back-to-back basis to customers.

b) The Bank has a system of evaluating the derivatives exposure separately and placing appropriate credit lines for execution of derivative transactions duly reckoning the Net Worth and security backing of individual clients.

c) The Bank has set in place appropriate control systems to assess the risks associated in using derivatives as hedge instruments and proper risk reporting systems are in place to monitor all aspects relating to derivative transactions. The Derivative transactions were undertaken only with the Banks and counter parties well within their respective exposure limit approved by appropriate credit sanctioning authorities for each counter party.

d) The Bank has set necessary limits in place for using derivatives and its position is continuously monitored.

e) The Bank has a system of continuous monitoring appraisal of resultant exposures across the administrative hierarchy for initiation of necessary follow up actions.

f) Derivatives are used by the Bank to hedge the Bank's Balance sheet and offered to select corporate clients on back-to-back basis. In respect of hedge transactions the value and maturity of hedges have not exceeded that of the underlying exposures. In respect of back-to-back transactions the transactions with clients are fully matched with counter party Bank transactions and there is no uncovered exposure.

g) The Income from such derivatives are amortized and taken to profit and loss account on accrual basis over the life of the contract. In case of early termination of swaps undertaken for Balance Sheet Management, income on account of such gains would be recognized over the remaining contractual life of the swap or life of the assets/liabilities whichever is lower. In case of early termination of derivatives undertaken for customers on a back-to-back basis, income on account of such things will be recognized on termination.

h) All the hedge transactions are accounted on accrual basis. Valuations of the outstanding contracts are done on Mark to Market basis. The Bank has duly approved Risk Management and Accounting procedures for dealing in Derivatives.

i) The derivative transactions are conducted in accordance with the extant guidelines of Reserve Bank of India.

Treasury (Domestic)

The Bank uses Rupee Interest Rate Swaps (IRS) for hedging purpose to mitigate interest rate risk in Govt. Securities and to reduce the cost of Subordinated Debt and term deposits. In addition, the Bank also enters into rupee interest rate swaps for trading purposes as per the policy duly approved by the Board. Swap transactions are entered only with Banks having ISDA agreements in place.

a) The Bank has put in place an appropriate structure and organization for management of risk, which includes treasury department, Asset Liability Management Committee and Risk Management Committee of the Board.

b) Derivative transactions carry Market Risk (arising from adverse movement in interest rates), Credit risk (arising from probable counter party failure), Liquidity risk (arising from failure to meet funding requirements or execute the transaction at a reasonable price), Operational risk, Regulatory risk and Reputation risk. The Bank has laid down policies, set in place appropriate control systems to assess the risks associated in using derivatives and proper risk reporting and mitigation systems are in place to monitor all risks relating to derivative transactions. The IRS transactions were undertaken with only Banks as counter party and well within the exposure limit approved by the Board of Bank for each counter party.

c) Derivatives are used by the Bank for trading and hedging. The Bank has an approved policy in force for derivatives and has set necessary limits for the use of derivatives and the position is continuously monitored. The value and maturity of the hedges which are used only as back to back or to hedge Bank's Balance Sheet has not exceeded that of the underlying exposure.

d) The accounting policy for derivatives has been drawn up in accordance with RBI guidelines, as disclosed in Schedule 17 – Significant Accounting Policies (Policy No.6)

12.3.2 Quantitative Disclosures

(₹ in Crore)

S. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	a) For Hedging	646.97	7005.77
	b) For Trading	70.47	394.50
(ii)	Marked to Market Positions		
	a) Asset (+)	16.59	139.29
	b) Liability (-)	3.30	(6.22)
(iii)	Credit Exposure	58.29	71.18
(iv)	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	5.86	12.93
	b) on trading derivatives	0.78	2.43
v)	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	Maximum 16.11 Minimum 5.86	Maximum 13.39 Minimum 7.30
	b) on trading	Maximum 1.83 Minimum 0.78	Maximum 2.46 Minimum 1.64

13. ASSET QUALITY:

13.1.1 Non-Performing Assets (NPAs)

(₹ in Crore)

	2014-15	2013-14
i) Net NPAs to Net Advances (%)	5.68	3.20
ii) Movement of NPAs (Gross)		
a) Opening Balance	9020.48	6607.96
b) Additions during the year	12015.96	6902.40
c) Reductions during the year	6113.99	4489.88
d) Closing Balance	14922.45	9020.48
iii) Movement of Net NPAs		
a) Opening Balance	5658.12	4027.21
b) Additions during the year	8486.65	4691.60
c) Reductions during the year	4331.44	3060.69
d) Closing Balance	9813.33	5658.12
iv) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	2994.03	2464.51
b) Provisions made during the year	3529.31	2210.80
c) Write-off/Write-back of excess provisions	2066.14	1681.28
d) Closing balance	4457.20	2994.03

13.1.2 Provision Coverage Ratio

The Provision Coverage Ratio (PCR) computed as per the RBI guidelines stood at 50.92% as on 31.3.2015 (54.94% as on 31.3.2014).

13.2 Particulars of Accounts Restructured

(₹ in Crore)

Sl No :	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Other					Total				
	Asset Classification / Details		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on 01.04 2014 of the FY (opening figures)	No. of Borrowers	43	8	0	0	51	164	68	8	0	240	616	259	69	0	944	823	335	77	0	1235
		Amount outstanding	5672.15	516.86	0.00	0.00	6189.01	436.30	150.89	3.71	0.00	590.90	6205.87	891.96	276.63	0.00	7374.46	12314.32	1559.71	280.34	0.00	14154.37
		Provision there-on	493.54	56.30	0.00	0.00	549.84	7.55	0.25	0.00	0.00	7.80	323.00	28.96	1.95	0.00	353.91	824.01	85.51	1.95	0.00	911.47
2	Fresh Restructuring during 01.04.2014 to 31.03.2015	No. of Barrowers	23	1	0	0	24	42	0	0	0	42	52	1	1	0	54	117	2	1	0	120
		Amt outstanding	3072.00	325.00	0.00	0.00	3397.00	377.28	0.00	0.00	0.00	377.28	3078.00	145.86	101.01	0.00	3324.87	6527.28	470.86	101.01	0.00	7099.15
		Provision there-on	355.00	26.00	0.00	0.00	381.00	0.54	0.00	0.00	0.00	0.54	139.12	2.01	0.00	0.00	141.13	494.66	28.01	0.00	0.00	522.67
3	Upgradation of restructured standard category during the FY 2014-15	No. of Barrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amt. outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Provision there-on	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl No :	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Other					Total				
	Asset Classification / Details		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of FY and hence need not be show as restructured standard advances at the beginning of the next FY	No. of Borrowers	11				11	75				75	232				232	318				318
		Amt. outstanding	924.84				924.84	139.40				139.40	1207.29				1207.29	2271.53				2271.53
		Provision there-on	35.84				35.84	13.90				13.90	34.63				34.63	84.37				84.37
5	Downgradation of the restructured accounts during 01.04.2014 to 31.03.2015	No. of Barrowers	-22	15	7	0	0	0	-14	14	0	0	-45	45	0	0	0	-67	46	21	0	0
		Amt outstanding	-1996.85	1141.73	855.12	0.00	0.00	0.00	-0.50	0.50	0.00	0.00	-2105.70	2105.70	0.00	0.00	0.00	-4102.55	3246.93	855.62	0.00	0.00
		Provision there-on	-170.98	67.62	103.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-37.07	37.07	0.00	0.00	0.00	-208.05	104.69	103.36	0.00	0.00

SI No :	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Other					Total				
	Asset Classification Details		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
6	Write offs/sale of restructured accounts during 01.04.2014 to 31.03.2015	No. of Barrowers	1	1	0	0	2	0	2	8	0	10	0	55	19	0	74	1	58	27	0	86
		Amt outstanding	443.24	256.14	0.00	0.00	699.38	0.00	0.01	0.02	0.00	0.00	0.00	212.84	0.02	0.00	212.86	443.24	468.98	0.02	0.00	912.24
7	Restructured Accounts as on March 31 of the 2015 (closing Figures)	No. of Barrowers	50	11	13	0	74	98	33	54	0	185	114	37	78	0	229	262	81	145	0	488
		Amt outstanding	6272.72	975.07	1448.40	0.00	8696.19	870.55	60.08	57.23	0.00	987.86	9209.39	870.41	719.71	0.00	10799.51	16352.66	1905.56	2225.34	0.00	20483.56
		Provision there-on	565.16	50.83	42.90	0.00	658.89	13.06	3.23	0.00	0.00	16.29	446.29	29.10	23.46	0.00	498.85	1024.51	83.16	66.36	0.00	1174.03

13.3 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset reconstruction

(₹ in Crore)

	Particulars	2014-15	2013-14
(i)	No. of accounts	17	58
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	1160.83	736.19
(iii)	Aggregate consideration	1431.03	1015.15
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	--	Nil
(v)	Aggregate gain/(loss) over net book value	**270.20**	**278.96**

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other Banks/ financial institutions/ non-banking financial companies as underlying		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Book Value of Investments in receipts	964.39	1270.98	--	--	964.39	1270.98

13.4 Details of non-performing financial assets purchased/sold from other Banks

13.4.1 Details of non-performing financial assets purchased:

(₹ in Crore)

		Particulars	2014-15	2013-14
1	(a)	No. of accounts purchased during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil
2	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil

13.4.2 Details of non-performing financial assets sold:

(₹ in Crore)

Particulars	2014-15	2013-14
1. No. of accounts sold	17	58
2. Aggregate Outstanding	1559.14	1710.15
3. Aggregate consideration received	1431.03	1015.15

13.5 Provisions on Standard Assets

(₹ in Crore)

Particulars	2014-15	2013-14
Provisions towards Standard Assets	1146.83	1195.55

14 BUSINESS RATIOS

	Particulars	2014-15	2013-14
(i)	Interest Income as a percentage to Average Working Funds	9.16%	8.99%
(ii)	Non Interest Income as a percentage to Working Funds	0.82%	0.85%
(iii)	Operating Profit as a percentage to Working Funds	1.27%	1.58%
(iv)	Return on Assets	-ve	0.23%
(v)	Business (Deposits plus advances) per Employee (₹ In crore)	13.24	13.67
(vi)	Profit per employee (₹ In crore)	-ve	0.0201

15 ASSET LIABILITY MANAGEMENT:

Maturity pattern of certain items of assets and liabilities as on March 31, 2015

(₹ in Crore)

	Deposits	Advances (Gross)	Investments (Gross)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	4696.64	3369.85	1064.95	100.02	705.63	793.56
2 to 7 days	4168.87	3287.40	3836.61	137.60	610.65	283.55
8 to 14 days	5213.05	5383.75	2693.47	150.00	847.37	14.75
15 to 28 days	2886.73	9434.05	1214.86	488.07	78.57	27.20
29 days to 3 Month	28454.65	18632.64	8521.40	853.94	2096.33	1717.89
Over 3 Month & up to 6 Month	42225.80	11948.88	9898.41	2071.16	803.89	489.85
Over 6 Month & up to 1 year	64060.40	17589.83	14229.43	1396.32	21.87	503.33
Over 1 year & up to 3 years	28641.43	65476.55	14745.42	8012.98	148.29	758.63
Over 3 years & up to 5 years	6685.96	17776.92	7078.34	3055.32	0.00	723.84
Over 5 years	59015.19	26141.46	18449.90	1967.00	0.00	0.00
Total	**246048.72**	**179041.33**	**81732.79**	**18232.41**	**5312.60**	**5312.60**

16 Exposures

16.1 Exposure to Real Estate Sector

(₹ in Crore)

	Category	2014-15	2013-14
(a)	**Direct Exposure**		
	i) Residential Mortgages -	9483.55	8283.73
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
	Out of which, Individual housing loans eligible to be classified under Priority Sector	6604.76	5943.27
	ii) Commercial Real Estate -	8612.92	8979.60
	Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure includes non-fund based (NFB) limits;		
	iii) Real estate others:		
	Hotels, Hospitals and Liquirent not under CRE	2727.90	3843.59
	iv) Investments in Mortgage Backed Securities and other securitised exposures		
	➢ Residential	Nil	Nil
	➢ Commercial Real estate	Nil	Nil
	➢ Others	20.00	15.00
(b)	**Indirect Exposure**: Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	3361.00	1863.25
	Total Exposure to Real Estate Sector (a+b)	**24205.37**	**22985.17**

16.2 Exposure to Capital Market:

(₹ in Crore)

	Particulars	2014-15	2013-14
(i)	direct investment 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;	832.36	887.82
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	5.86	4.26
(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;	2.16	341.16
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds ie. where the primary security other than shares/convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	758.06	579.05
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	116.26	128.17
(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;	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix)	financing to stockbrokers for margin trading;	0.67	Nil
(x)	all exposures to Venture Capital Funds (both registered and unregistered)	203.02	236.48
	Total Exposure to Capital market	**1918.39**	**2176.94**

16.3 Risk Category-wise Country Exposure:

(₹ in Crore)

Risk Category*	Exposure (net) as at 31.3.2015	Provision held as at 31.3.2015	Exposure (net) as at 31.3.2014	Provision held as at 31.3.2014
Insignificant	18021.20	12.490	18962.24	14.975
Low	6735.10	Nil	3139.89	Nil
Moderate	185.40	Nil	2514.76	Nil
High	768.51	Nil	49.96	Nil
Very High	2.63	Nil	263.81	Nil
Restricted	0.44	Nil	Nil	Nil
Off-credit	0.00	Nil	Nil	Nil
Total	25713.28	12.490	24930.66	14.975

* Till such time, as Banks move over to internal ratings systems, Banks may use the seven category classification followed by Export Credit Guarantee Corporation of India Ltd., (ECGC) for the purpose of classification and making provisions for country risk exposures. ECGC shall provide to Banks, on request, quarterly updates of their country classifications and shall also inform all Banks in case of any sudden major changes in country classification in the interim period.

16.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank:

As per RBI guidelines and terms of Loan Policy Document of our Bank for 2014-15, the permissible level of Single Borrower Exposure limit is ₹ 2,998.31 Crore (15% of Capital funds) and ₹ 7995.49 Crore for Group Borrower limit (40% of Capital funds). SBL and GBL In case of Overseas Branches is USD 40 Mio and USD 60 Mio respectively.

(₹ in Crore)

Sl No.	Name of the Borrower	Exposure Limit	Limit Sanctioned	Period during which limit exceeded	Board sanction details	Position as on 31.3.2015 Outstanding
1.	Twin Star Holdings Ltd., Mauritius – Hong Kong Branch	250.00 [USD 40.00 mio] [Single Borrower Limit]	625.00 [USD 100.00 mio]	18.3.2015 – 31.3.2015	14.11.2014	375.00 [USD 60.00 mio]
2.	Armada C 7 Pte Ltd. - Singapore Branch	375.00 [USD 60.00 mio] [Group Borrower Limit]	250.00 [USD 40.00 mio upto 5.8.2014] 125.00 [USD 20.00 mio] Sanctioned 24.11.2014, yet to be released	1.4.2014 – 5.8.2014 Nil	20.09.2013 5.12.2014	Nil
3.	Armada D 1 Pte Ltd. - Singapore Branch	250.00 [USD 40.00 mio] [Single Borrower Limit]	406.25 [USD 65.00 mio]	1.4.2014 – 31.3.2015	1.9.2012	320.43 [USD 51.269 mio]
4.	Varada Twelve Pte Ltd. - Hong Kong Branch	250.00 [USD 40.00 mio] [Single Borrower Limit]	440.63 [USD 70.50 mio]	1.4.2014 – 31.3.2015	5.12.2014	407.44 [USD 65.19 mio]
5.	Western Alliance International Ltd. @ A/c Hong Kong Branch	375.00 [USD 60.00 mio] [Group Borrower Limit]	250.00 [USD 40.00 mio]	Not Exceeded	27.6.2014	163.76 [USD 26.202 mio]
6.	King Empire Group Limited @ A/c Hong Kong Branch	375.00 [USD 60.00 mio] [Group Borrower Limit]		Not Exceeded	27.6.2014	15.40 [USD 2.464 mio]
7.	Five Elements Real Estate Development LLC - @ Hong Kong Branch	375.00 [USD 60.00 mio] [Group Borrower Limit]	106.25 [USD 17.00 mio]	Not Availed	27.6.2014	Nil
8.	Vedanta Resources Plc	250.00 [USD 40.00 mio] [Single Borrower Limit]	312.50 [USD 50.00 mio]	1.4.2014 – 22.8.2014	8.12.2012	A/c Closed
9.	MVP Group Intnl Inc.	250.00 [USD 40.00 mio]	375.00 [USD 60.00 mio]	1.4.2014 – 31.3.2015	20.9.2013	343.75 [USD 55.00 mio]
10.	Gold Matrix Resources Pte Ltd. - Singapore	250.00 [USD 40.00 mio]	303.13 [USD 48.50 mio]	Not exceeded	25.10.2013	153.03 [USD 24.584 mio]
11.	HDFC	2998.31	3000	March 2014 to February 2015	14.12.2013	2900

16.5 Unsecured Advances

(₹ in Crore)

	2014-15	2013-14
Total amount for which intangible securities such as charge over the rights, licenses authority, etc., has been taken	108.26	3291.59
Estimated value of such intangible collateral	108.26	3291.59

17 Disclosure of Penalties imposed by RBI:

(₹ in Crore)

	2014-15	2013-14
Penalties imposed by RBI	NIL	3.002

DISCLOSURES IN TERMS OF ACCOUNTING STANDARDS

18.1 Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies

As permitted by RBI vide its circular No. DBR. No. BP. BC. 79 / 21.04.048/2014-15 dated 30.03.2015 and also in pursuance to Bank's Board approved policy, the Bank has utilized a sum of ₹ 150.00 crores from Floating provisions/ Counter Cyclical Provisioning Buffer towards Specific Provisions for Non Performing Assets.

18. 2 Accounting Standard 9 – Revenue Recognition

Revenue has been recognized as described in item No. 2 of Significant Accounting Policies – Schedule 17.

18. 3 Accounting Standard 15 – Employee Benefits

i) The Bank has adopted Accounting Standard 15 (Revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India, with effect from 1st April 2007.

ii) The summarized position of Post-employment benefits and long term employee benefits recognized in the Profit & Loss Account and Balance Sheet as required in accordance with the Accounting Standard–15 (Revised) are as under:-

(a) Defined Benefit Schemes:

Changes in the present value of the obligations

(₹ in Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2015	2014	2015	2014	2015	2014
Present Value of obligation as at the beginning of the year	5426.49	4865.10	1125.40	1098.78	389.92	327.26
Interest Cost	342.23	408.30	91.16	89.87	31.08	27.24
Current Service Cost	94.83	82.46	55.06	54.16	26.23	24.40
Benefits Paid	(423.11)	(483.25)	(166.95)	(145.77)	(69.53)	(62.38)
Actuarial loss/(gain) on Obligations	567.28	553.88	(30.57)	28.36	35.78	73.40
Present Value of Obligation at year end	6007.72	5426.49	1074.10	1125.40	413.49	389.92

(b) Change in Fair Value of Plan Asset

(₹ in Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2015	2014	2015	2014	2015	2014
Fair Value of Plan Assets at the beginning of the year	5401.08	4578.80	1260.73	1010.40	0.00	0.00
Expected return on Plan Assets	481.88	416.82	85.02	78.76	0.00	0.00
Employer's contribution	566.00	455.00	140.00	270.00	101.00	123.00
Benefit Paid	(423.11)	(483.25)	(166.95)	(145.77)	69.53	92.72
Actuarial loss/(gain) on Obligations	3.73	433.71	23.13	47.25	0.00	0.00
Fair Value of Plan Asset at the end of the year	6029.58	5401.08	1341.93	1260.73	0.00	0.00
Unfunded Transitional Liability	--	--	--	--	--	--

(c) Amount recognized in Balance Sheet

(₹ in Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2015	2014	2015	2014	2015	2014
Estimated Present value of obligations as at the end of the year	6007.72	5426.50	1074.09	1125.40	413.49	389.92
Actual Fair value of Plan Assets as at the end of the year	6029.58	5401.08	1341.93	1260.73	0.00	0.00
Un-funded Net Liability recognized in Balance sheet	0.00	151.73*	0.00	49.31*	413.49	389.92
Funded Net Assets to be recognized in Balance Sheet	21.86	126.31	267.84	184.63	0.00	0.00

* The balance of Unfunded Net Liability in Pension and Gratuity Funds, are to be amortised next years.

(d) Expenses Recognized in Profit & Loss

(₹ in Crore)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2015	2014	2015	2014	2015	2014
Current Service Cost	94.83	82.46	55.06	54.16	26.23	24.40
Interest Cost	342.23	408.30	91.17	89.87	31.08	27.24
Expected return on Plan Asset	(481.88)	(416.82)	(85.02)	(78.76)	0.00	0.00
Net Actuarial (Gain)/Loss recognized in the year	563.55	120.17	(53.70)	18.89	35.78	73.40
Total expenses chargeable in Profit & Loss Account	518.73	194.11	(7.51)	84.16	101.00	123.49
Amount received from II Pension Optees / Employer's Contribution of PF	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(e) Investment percentage maintained by Pension & Gratuity Trust:

a) Debt Instruments	Pension Trust (%)		Gratuity Trust (%)	
	2015	2014	2015	2014
Central Government Securities	5.70	8.84	5.46	6.44
State Government Securities	48.30	45.73	50.63	48.97
Investment in PSU/PFI/ Corporate Bonds	41.08	40.40	38.39	39.15
Other Investments	4.92	5.03	5.52	5.44
b) Equity Instruments	Nil	Nil	Nil	Nil

(f) Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average)

	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2015	2014	2015	2014	2015	2014
Discount Rate	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
Expected rate of return on Plan Assets	9.00%	9.00%	8.00%	8.00%	0%	0%
Expected Rate of Salary increase	5.00%	5.00%	5.00%	5.50%	5.00%	5.50%
Method used	Projected unit credit		Projected unit credit		Projected unit credit	

Experience Adjustments

Particulars	PENSION (Funded)		GRATUITY (Funded)		LEAVE ENCASHMENT (Unfunded)	
	2015	2014	2015	2014	2015	2014
Experience adjustment on Plan assets (Loss)/Gain	3.73	433.71	23.13	47.25	0.00	0.00
Experience adjustment on Plan Liabilities (Loss)/Gain	(567.28)	(553.88)	30.57	(28.36)	35.78	73.40

The estimates of future salary increases, considered in actuarial valuation, take into account actual return on plan assets, inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

In respect of overseas branches, disclosures if any, required for Employee Benefit Schemes are not made in the absence of information.

The financial assumptions considered for the calculations are as under:-

Discount Rate: - The discount rate has been chosen by reference to market yield on Government bonds as on the date of valuation. (Balance sheet dated 31.3.2015)

Expected Rate of Return: The Overall expected rate of return on assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

Bank's best estimate expected to be paid in the next Financial Year for Gratuity is ₹ 170 crore.

18.4 Accounting Standard 17 – Segment Reporting

The Bank has adopted Reserve Bank of India's revised guidelines issued in April 2007 on Segment Reporting in terms of which the reportable segments have been divided into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations.

Part A: Business Segments

(₹ in Crore)

Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		TOTAL	
Particulars	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenue	6260.73	5913.11	11753.80	11520.98	7737.70	7138.88	266.37	238.06	26018.60	24811.02
Result	434.57	1174.39	976.45	1734.10	1633.42	1088.07	237.92	(40.71)	3282.36	3955.85
Unallocated Income									58.33	42.04
Unallocated Expenses									18.35	0.66
Operating Profit/Loss									3322.34	3997.24
Income Taxes									565.75	241.30
Provisions & Contingencies									3210.92	3154.20
Extraordinary profit / loss				-				-	0	0
Net Profit									(454.33)	601.74
OTHER INFORMATION										
Segment Assets	83321.19	74160.01	120817.45	128320.48	80437.13	70531.48	132.82	151.36	284708.60	273163.34
Unallocated Assets									928.38	1741.50
Total assets									285636.98	274904.84
Segment Liabilities	78130.48	69012.65	114579.22	120679.10	77224.33	68608.41	39.51	61.94	269973.50	258362.10
Unallocated Liabilities									22.40	372.55
Total Liabilities									269995.94	258734.65

Part B – Geographic segments

(₹ in Crore)

	Domestic		International		Total	
	2014-15	**2013-14**	**2014-15**	**2013-14**	**2014-15**	**2013-14**
Revenue	25044.58	23745.08	1032.35	1108.00	**26076.93**	**24853.08**
Assets	265309.31	252271.04	20327.67	22633.80	**285636.98**	**274904.84**

18.5 Accounting Standard 18- Related Party Disclosures (₹ in Crore)

Items/ Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint Ventures	Key Management personnel @	Relatives of Key management Personnel	Total
Borrowings#	0.00	0.00	1334.28	0.00	0.54	1334.82
Deposit#	0.00	0.00	0.00	0.24	0.00	0.24
Placement of Deposits#	0.00	0.00	0.00	0.47	0.38	0.84
Advances#	0.00	0.00	0.00	0.00	0.00	0.00
Investments#	0.00	0.00	1.00	0.00	0.00	1.00
Non-funded Commitments#	0.00	0.00	0.00	0.00	0.00	0.00
Leasing/HP arrangements availed#	0.00	0.00	0.00	0.00	0.00	0.00
Leasing/HP arrangements provided#	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of fixed assets	0.00	0.00	0.00	0.04	0.00	0.04
Sale of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid	0.00	0.00	26.25	0.00	0.02	26.27
Interest received	0.00	0.00	58.49	0.02	0.02	58.53
Rendering of services*	0.00	0.00	0.00	0.00	0.00	0.00
Receiving of services*	0.00	0.00	0.00	0.00	0.00	0.00
Management contracts*	0.00	0.00	0.00	0.01	0.00	0.01

* Contract services etc. and not services like remittance facilities, locker facilities etc.
@ Whole time directors of the Board and CEOs of the branches of foreign Banks in India
# The outstanding at the year-end and the maximum during the year are to be disclosed.

Directors of the India International Bank Malaysia Berhad		
Sl. No.	**Name**	**Designation**
1.	Shri. Thenkurissi Nandakumar Ramakumar	Managing Director and Chief Executive Director
2.	Shri. C. VR. Rajendran	Non Independent Non-Executive Director
3.	Shri. Datuk Bhupatrai a/l Shri. Makuskhlal Premji	Independent Non-Executive Director
4.	Shri. Gopala Krishnan a/l Shir. C P Gopalan	Independent Non-Executive Director

Details of Salary and Performance Incentive paid to Whole Time Directors during the year 2014-15:

Key Management Personnel				
Sl. No.	**Name**	**Designation**	**Period**	**Remuneration* Amount (₹) (2014-15)**
1.	Shri. R. Koteeswaran	Managing Director & Chief Executive Officer	01.01.2015 To 31.03.2015	4,91,505.00
2.	Shri. Atul Agarwal	Executive Director	01.04.2014 To 31.03.2015	19,21,413.00
3.	Shri. Pawan Kumar Bajaj	Executive Director	10.03.2015 To 31.03.2015	1,00,100.00
4.	Shri. M. Narendra	Ex-Chairman & Managing Director	01.04.2014To 31.07.2014	12,72,000.00
5.	Shri. A.K. Bansal	Ex-Executive Director	01.04.2014 To 31.03.2015	66,667.00
6.	Shri. A.D.M. Chavali	Ex-Executive Director	01.04.2014 To 31.10.2014	14,65.904.70

*Remuneration Includes salary & allowances, salary arrears, performance incentives, leave encashment arrears and gratuity arrears.

18.6 Accounting Standard 20 – Earnings per Share

Particulars	2014-15	2013-14
Net Profit after Tax available for Equity Shareholders (₹ in Crore)	-454.33	601.74
Weighted Average Number of Equity Shares	1,23,53,48,315	99,44,71,502
Basic & Diluted Earnings Per Share	-ve	₹ 6.05
Nominal value per Equity Share	₹ 10.00	₹ 10.00

18.7 Accounting Standard 21 - Consolidated Financial Statements (CFS)

As there is no subsidiary, no consolidated financial statement is considered necessary.

18.8 Accounting Standard 22: Accounting for Taxes on Income

(₹ in Crore)

Particulars	31.3.2015		31.3.2014	
	DTA	DTL	DTA	DTL
Depreciation on Investments		542.88		1514.41
Depreciation on Fixed Assets	14.99			17.01
Provision for Employee Benefits	143.75		140.31	
Provision for Frauds	12.97		11.74	
Provision for Restructured Advances	420.06		342.85	
Carry forward losses			1010.42	
Special Reserve		252.07		252.14
Provision for NPA	540.75			
Others	7.03		7.31	
Total	**1139.55**	**794.95**	**1512.63**	**1783.56**
Net DTL /DTA	**344.60**			**270.93**

18.9 Accounting Standards 23 – Accounting for Investments in Associates in Consolidated Financial Statements

As there is no subsidiary, no consolidated financial statement is considered necessary.

18.10 Accounting Standard 26 – Intangible Assets

The application software in use in the Bank has been developed in-house and has evolved over a period of time. Hence, the cost of software is essential part of Bank's operational expenses like wages etc. and as such are charged to the respective heads of expenditure in the Profit and Loss Account.

18.11 Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures

Our Bank (with 35% share) has floated a Joint Venture at Malaysia along with Bank of Baroda (40%) and Andhra Bank (25%). Bank Negara, the Central Bank of Malaysia, issued the license to the Joint Venture on 16.04.2010. The Joint Venture was incorporated at Malaysia on 13.08.2010 by name INDIA INTERNATIONAL BANK (MALAYSIA) BHD (IIBM). IIBM has an Authorised Capital of MYR 500 Mio. The Joint Venture's Assigned Capital is MYR 320 Mio. Our Bank's share in the Assigned up Capital is 35% - MYR115.500 Mio.

As on 31.3.2015, Bank has paid ₹ 194.91 crore towards 11550000 shares of MYR10 each aggregating to MYR115.500 Mio. The Joint Venture has commenced operations on 11.7.2012.

18.12 Accounting Standard 28 – Impairment of Assets

Fixed Assets owned by the Bank are treated as 'Corporate Assets' and are not 'Cash Generating Units' as defined by AS28 issued by ICAI. In the opinion of the Management, there is no impairment of any of the Fixed Assets of the Bank.

18.13 Accounting Standard 29 – Provision for Contingent Liabilities and Contingent Assets:

The guidelines issued by the Institute of Chartered Accountant of India in this respect have been incorporated at the appropriate places.

19 Additional Disclosures

19.1 Concentration of Deposits, Advances, Exposures and NPAs

19.1.1 Concentration of Deposits

(₹ in Crore)

	2014-15	2013-14
Total Deposits of twenty largest depositors	48467.12	27282
Percentage of Deposits of twenty largest deposits to Total Deposits of the Bank	19.70	12.41

19.1.2 Concentration of Advances (Credit Exposure including derivatives)

(₹ in Crore)

	2014-15	2013-14
Total Advances to twenty largest borrowers	34301.16	31930.22
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	14.45%	13.84%

19.1.3 Concentration of Exposures (Credit and Investment exposure)

(₹ in Crore)

	2014-15	2013-14
Total Exposure to twenty largest borrowers / customers	43694.17	33442.57
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on borrowers/ customers	17.88%	12.86%

19.1.4 Concentration of NPAs

(₹ in Crore)

	2014-15	2013-14
Total Exposure to top four NPA accounts	1442.52	939.56

19.1.5 Sector-wise Advances / NPAs

(₹ in Crore)

Sl No	SECTOR	2014-15			2013-14		
		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**	**64071.72**	**5801.06**	**9.05**	**59695.66**	**3468.21**	**2.14**
1.	Agriculture and allied activities	26284.30	2012.33	7.66	26990.09	1092.01	0.67
2.	Advances to Industries sector eligible as priority sector lending	13865.57	1883.04	13.58	12581.69	1072.38	0.66
3.	Services	11652.97	1263.03	10.84	11993.13	889.14	0.55
4.	Personal Loans	12268.88	642.76	5.24	8130.75	414.68	0.26
	Sub Total (A)	**64071.72**	**5801.06**	**9.05**	**59695.66**	**3468.21**	**2.14**
B	**Non Priority Sector**	**98765.80**	**7352.32**	**7.44**	**102302.37**	**437016**	**2.70**
1.	Agriculture and allied activities	-	-	-	-	-	-
2.	Industry	61770.72	6501.07	10.52	60789.39	3804.85	2.35
3.	Services	29040.36	517.04	1.78	24823.18	458.42	0.28
4.	Personal loans	7954.72	334.21	4.20	16686.80	106.89	0.07
	Sub Total(B)	**98765.80**	**7352.32**	**7.44**	**102302.37**	**4370.16**	**2.70**
	TOTAL (A+B)	**162837.52**	**13153.38**	**8.02**	**161998.03**	**7838.37**	**4.84**

19.2 MOVEMENT OF NPAs

(₹ in Crore)

Particulars	2014-15	2013-14
Gross NPAs as on 1st April (Opening Balance)	9020.48	6607.96
Additions (Fresh NPAs) during the year	12015.96	6902.40
Sub-total (A)	21036.44	13510.36
Less:-		
(i) Up-gradations	1425.35	994.19
(ii) Recoveries (excluding recoveries made from upgraded accounts and including sale to ARCIL)	2601.70	2021.72
(iii) Technical Write-offs	2003.12	1413.81
(iv) Write offs other than those under (iii) above	83.82	60.16
Sub-total (B)	6113.99	4489.88
Gross NPAs as on 31st March (Closing Balance) (A-B)	14922.45	9020.48

19.3 OVERSEAS ASSETS, NPAs AND REVENUE

(₹ in Crore)

Particulars	2014-15	2013-14
Total Assets	20327.67	22633.80
Total NPAs	1769.02	1182.11
Total Revenue	1032.36	1108.00

19.4 Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	**Overseas**
NIL	NIL

19.5 Amount of provisions made for Income Tax during the year:

(₹ in Crore)

	2014-15	2013-14
Provision for Income Tax (net)	565.76	241.30

19.6 Provisions and Contingencies – Break-up

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in Crore)

Particulars	2014-15	2013-14
Provisions for depreciation on Investment	-560.88	453.53
Provision towards NPA	3529.31	2210.80
Provision towards Standard Assets	-46.51	246.13
Provision made towards Income Tax (including Deferred Tax & Wealth Tax)	565.76	241.30
Other Provision and Contingencies	288.99	243.74
Total	**3776.67**	**3395.50**

19.7 Floating Provisions

(₹ in Crore)

	Particulars	2014-15	2013-14
(a)	Opening balance in the floating provisions account	NIL	171.36
(b)	The quantum of floating provisions made in the accounting year	**Nil**	**Nil**
(c)	Amount of draw down made during the accounting year (Transferred to Counter Cyclical Buffer)	Nil	171.36
(d)	Closing balance in the floating provisions account	Nil	NIL

19.8 Disclosure of complaints

19.8.1 Customer Complaints

(a)	No. of complaints pending at the beginning of the year	166
(b)	No. of complaints received during the year	8369
(c)	No. of complaints redressed during the year	7909
(d)	No. of complaints pending at the end of the year	626

19.8.2 ATM – Customer Complaints

(a)	No. of ATM complaints pending at the beginning of the year	3
(b)	No. of ATM complaints received during the year	1895
(c)	No. of ATM complaints redressed during the year	1889
(d)	No. of ATM complaints pending at the end of the year	9

19.8.3 Awards passed by the Banking Ombudsman

(a)	No. of unimplemented Awards at the beginning of the year	-
(b)	No. of Awards passed by the Banking Ombudsmen during the year	-
(c)	No. of Awards implemented during the year	-
(d)	No. of Awards lapsed due to non acceptance by customer	-
(e)	No. of unimplemented Awards at the end of the year	-

19.8.4 Letters of Comfort (LoC)

Letters of Comfort issued during the year	Nil
Letters of Comfort outstanding as on 31.3.2015	2
Assessed financial impact	Nil
Cumulative Assessed Financial Obligation	Nil

During the year 2009-10, the Bank has issued a Letter of Comfort (LOC) undertaking to maintain a minimum CRAR of 12% in respect of Bangkok branch and to arrange to convert retained earnings to capital funds and/ or infuse further capital in order to restore the CRAR to a minimum of 12% subject to approval from RBI.

In the worst case scenario of the entire textile exposure of the branch becoming NPA, we may have to make additional provision to the extent of THB 408.341 mio being unsecured portion of standard textile advances. If this contingency arises, there would be no additional capital to be remitted as existing reserves are adequate to cover the unsecured amount.

During the year 2010-11, the Bank has issued a letter of comfort favoring Bank Negara Malaysia. The Bank in association with other JV partners will provide support to India International Bank (Malaysia) Bhd in funding, business and other matters as and when required and ensure that it complies with the requirements of the Malaysian Laws, Regulations and Policies in the conduct of its business operations and management.

The financial impact for the letter of undertaking issued to Bank Negara Malaysia is remittance of our share of 35% of the paid up capital of MYR 330 mio ie. MYR 115.500 mio. Our Bank has remitted INR 199,57,52,186/- towards the capital of MYR 115.500 mio.

19.9 Bancassurance Business

(₹ in Crore)

S No	Nature of income*	2014-15	2013-14
1	For selling Life Insurance Policies	5.25	7.88
2	For selling Non Life Insurance Policies	13.60	11.64
3	For Selling Mutual Fund products	0.22	0.30
4	Others (specify)	--	--
	Total	19.07	19.82

*Fees/Remuneration received in respect of the Bancassurance Business undertaken by the Bank.

19.10 Movement of Technical Write off

(₹ in Crore)

Particulars	2014-15	2013-14
Opening Balance of Technical / Prudential Write off as on 1st April	3537.63	3188.37
Add: Technical / Prudential Write offs during the year	2003.12	1413.81
Sub-total (A)	5540.75	4602.18
Less: Recoveries made from previously Technical / Prudential written off accounts during the year (B)	584.53	1064.55
Closing Balance as on 31st March (A-B)	4956.22	3537.63

19.11 Disclosures relating to Securitisation **NIL**

19.12 Credit Default Swaps (CDS) **NIL**

19.13 Intra-Group Exposures

(₹ in Crore)

Particulars	**2014-15**
Total amount of intra-group exposures	Nil
Total amount of top 20 intra-group exposures	Nil
% of intra-group exposures to total exposure of the Bank on borrowers/ customers	Nil
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil

20 Transfer to Depositor Education and Awareness Fund (DEAF)

(₹ in Crore)

Particulars	**2014-15**	**2013-14**
Opening Balance of Amounts transferred to DEAF	Nil	Nil
Add: Amounts transferred to DEAF during the year	371.28	Nil
Less: Amounts reimbursed by DEAF towards claims	2.84	Nil
Closing Balance of Amounts transferred to DEAF	368.44	Nil

21 Unhedged Foreign Currency Exposure (UFCE)

As per RBI Circular ref to RBI/2013-14/620 & RBI/2013-14/448, data relating to UFCE of borrowers from individual branches is obtained through online and consolidated working of the required additional provision and capital for Exposures to entities with Unhedged Foreign Currency Exposure is done at Risk Management Department.

For the year 2014-15, the additional provision requirement is to the tune of ₹ 9.96 crores and the incremental RWA requirement is to the tune of ₹ 606.87 crores which is included as part of the Credit Risk Capital assessment.

22 Disclosure on Liquidity Coverage Ratio

(₹ in Crore)

		2014-15		**2013-14**	
		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]		21830.72		NA
Cash Outflows				NA	NA
2	Retail Deposits and deposits from small business customers, of which :	**45625.86**	**3528.36**	NA	NA
i.	Stable Deposits	20684.56	1034.23	NA	NA
ii.	Less Stable Deposits	24941.30	2494.13	NA	NA
iii.	Unsecured Debt	0	0	NA	NA
3	Unsecured wholesale funding, of which:	**24218.36**	**8168.97**	NA	NA
i.	Operational deposits [all counterparties]	140.05	34.87	NA	NA
ii.	Non-Operational deposits [all counterparties]	24078.31	8134.10	NA	NA
iii.	Unsecured Debt	0	0	NA	NA
4	Secured wholesale funding	56.06	0		NA
5	Additional requirements, of which	**12044.88**	**3581.77**	NA	NA
i.	Outflows related to derivative exposures and other collateral requirements	282.08	282.08	NA	NA
ii.	Outflows related to loss of funding on debt products	0	0	NA	NA
iii.	Credit and Liquidity facilities	11762.80	3299.69	NA	NA

		2014-15		2013-14	
		Total Unweighted Value* [average]	Total Weighted Value [average]	Total Unweighted Value* [average]	Total Weighted Value [average]
6	Other contractual funding obligations	1.31	1.31	NA	NA
7	Other contingent funding obligations	36613.83	1830.69	NA	NA
8	Total Cash Outflows		**17111.10**		NA
Cash Inflows					
9	Secured lending [eg. Reverse repos]	7071.80	0	NA	NA
10	Inflows from fully performing exposures	9618.84	2.34	NA	NA
11	Other cash inflows	12135.01	6466.04	NA	NA
12	Total Cash Inflows	**28825.65**	**6468.38**		
			Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		21830.72		NA
22	Total Net Cash Outflows		10642.71		NA
23	Liquidity Coverage Ratio [%]		**205.1236**		NA

*Unweighted values (Average) are provided by the management and relied upon by the Auditors.

23 Comparative Figures

Previous year’s figures have been regrouped / rearranged wherever necessary.

INDIAN OVERSEAS BANK

CASH FLOW STATEMENT (₹ in '000s)

Statement of Cash Flow for the year ended 31.03.2015	Year ended 31.03.2015	Year ended 31.03.2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss)	**-4 54 32 51**	**6 01 74 11**
Adjustments for :		
Amortisation of HTM Investments	88 36 83	81 25 78
Loss on Revaluation of Investments	2 53 48 45	1 04 67 43
Depreciation on Fixed Assets	1 49 00 08	1 41 31 60
Profit / Loss on Sale of Assets	- 1 14 85	- 1 86 84
Transfer from Reserves	32 54 42	-3 60 61 54
Provision for taxes	8 36 34 16	2 41 29 91
Provision for NPAs	37 56 47 48	22 10 79 79
Provision for Standard Assets	- 46 51 23	2 46 13 43
Depreciation on Investments	-5 29 39 06	4 65 43 44
Provision for Other Items	-2 40 24 67	2 31 83 71
Interest Paid on Tier II Interest	6 03 15 81	6 07 81 35
Increase / (Decrease) in Deposits	180 72 63 49	258 40 73 86
Increase / (Decrease) in Borrowings	-70 73 36 51	11 33 17 60
Increase / (Decrease) in Other Liabilities & Provisions	-1 61 35 02	5 62 07 54
(Increase) / Decrease in Investments	-108 79 63 55	-89 98 48 91
(Increase) / Decrease in Advances	3 69 09 79	-179 66 28 47
(Increase) / Decrease in Other Assets	11 87 78 58	-13 98 00 54
Direct Taxes (Net)	- 22 01 33	-4 65 00 00
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**59 40 90 36**	**32 78 03 26**
CASH FLOW FROM INVESTING ACTIVITIES		
Sale / disposal of Fixed Assets	8 03 11	1 86 84
Purchase of Fixed Assets	-1 65 94 46	-2 21 57 78
Investment in Associates	- 6 37 43	- 6 89 46
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-1 64 28 78**	**-2 26 60 39**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Equity Share Issue		15 98 04 60
Proceeds of Tier I & Tier II Bonds	10 00 00 00	
Redemption of Tier II Bonds	-2 00 00 00	-2 00 00 00
Interest Paid on Tier II Capital	-6 14 58 24	-6 04 62 06
Dividend Paid	- 72 26 48	- 94 49 61
NET CASH FROM FINANCING ACTIVITIES (C)	**1 13 15 28**	**6 98 92 92**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) +(B) + (C)	**58 89 76 86**	**37 50 35 79**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Cash & Balances with RBI	117 35 09 75	98 37 82 50
Balances with Banks & Money at Call	72 73 68 03	54 20 59 49
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash & Balances with RBI	126 37 77 47	117 35 09 75
Balances with Banks & Money at Call	122 60 77 16	72 73 68 03
NET INCREASE IN CASH AND CASH EQUIVALENTS	58 89 76 86	37 50 35 79

This Statement has been made prepared in accordance with Indirect Method.

Radha Venkatakrishnan
General Manager

R Koteeswaran
Managing Director & CEO

AUDITORS' CERTIFICATE

We, the undersigned Statutory Central Auditors of Indian Overseas Bank have verified the above Cash Flow Statement of the Bank for the year ended 31.03.2015. The Statement has been prepared in accordance with the requirement of Clause 32, of the Listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and the Balance Sheet of the Bank covered by our report of even date to The President of India .

P R Mehra & Co.
Chartered Accountants
FRN 000051N
(RAMESH CHAND GOYAL)
Partner, M.No.012628

Dass Khanna & Co.
Chartered Accountants
FRN 000402N
(RAKESH SONI)
Partner, M.No.083142

Vardhaman & Co.
Chartered Accountants
FRN 004522S
(ABHA JAIN)
Partner, M.No.015454

ASA & Associates LLP
Chartered Accountants
FRN 009571N / N500006
(J SIVASANKARAN)
Partner
M.No.022103

A V Deven & Co
Chartered Accountants
FRN 000726S
(A VASUDEVEN)
Partner
M.No.023882

Place : Chennai
Date : 08.05.2015

ADDITIONAL DISCLOSURES

Reserve Bank of India, Mumbai issues guidelines on Basel II Capital Adequacy Framework from time to time. In terms of the guidelines, the following disclosures are made as per the specified Formats under Pillar III requirement:

RISK MANAGEMENT

Risk taking is an integral part of the banking business. Banks assume various types of risks in its activities while providing different kinds of services based on its risk appetite. Each transaction that the Bank undertakes changes the risk profile of the Bank. In the normal course of business, a Bank is exposed to various risks including Credit Risk, Market Risk and Operational Risk. The objective of risk management is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated. With a view to managing such risks efficiently and strengthening its risk management systems, the Bank has put in place various risk management measures and practices which includes policies, tools, techniques, monitoring mechanism and management information systems (MIS).

The Bank, on a continuous basis, aims at enhancing and maximizing the shareholder values through achieving appropriate trade off between risks and returns. The Bank's risk management objectives broadly cover proper identification, measurement, monitoring, control and mitigation of the risks with a view to enunciate the Bank's overall risk philosophy. The risk management strategy adopted by the Bank is based on an understanding of risks and the level of risk appetite of the Bank. Bank's risk appetite is demonstrated broadly through prescription of risk limits in various policies relating to risk management.

The Bank has set up appropriate risk management organization structure in the Bank. Risk Management Committee of the Board (RMCB), a sub-committee of the Board, is constituted which is responsible for management of credit risk, market risk, operational risk and other risks in the Bank. The Bank has also constituted internal risk management committees namely Credit Policy Committee (CPC) for the managing credit risk, Asset Liability Management Committee (ALCO) and ALCO Sub-committee for managing market risk, Operational Risk Management Committee for managing operational risk, Operational Risk management (Vigilance) Committee for managing fraud risk and Information Security Committee for managing Information security.

A full fledged Risk Management department is functioning at the Bank's Central Office, independent of the business departments for implementing best risk management systems and practices in the Bank. A Chief Risk Officer in the rank of General Manager of the Bank is in charge of the department who is responsible for overall supervision on risk management in the Bank and is the convenor for all the internal risk management committees. The Mid-Office in Risk Management and Credit Support Services Dept., in particular, and other functional departments / branches in general also carry out the risk management functions and monitor the adherence/ compliance to policies, risk limit framework and internal approvals. Risk Managers have been placed at Regional Offices. Apart from coordinating with Risk Management Department, Central Office for submission of various MIS, they participate in Regional Level Credit Approval Committee.

The basic approach to manage risk more effectively lies with controlling the risk at the point of its origination. The Bank had implemented the New Capital Adequacy Framework (Basel-II) with effect from 31.3.2008 and is in compliance with the framework, in line with the guidelines issued by the RBI from time to time. Basel III guidelines have been introduced from 01.04.2013, and Bank is maintaining capital as per the guidelines. The Basel-II Framework is based on three mutually reinforcing pillars. While the first pillar of the revised framework addresses the minimum capital requirement for credit, market and operational risks, the second pillar of supervisory review process ensures that the Bank has adequate capital to address all the risks in their business commensurate with Bank's risk profile and control environment. As per RBI's requirement, the Bank has put in place a Board approved Policy on Internal Capital Adequacy Assessment Process (ICAAP) to address second pillar requirements. This policy aims at assessing all material risks to which the Bank is exposed over and above the regulatory prescriptions under the first pillar risks, and ensuring adequate capital structure to meet the requirements on an ongoing basis.

The Bank has formulated a "Stress Testing framework" to assess the potential vulnerability of the organization to exceptional but plausible events in line with the guidelines issued by RBI on 2nd December 2013. Stress testing and scenario analysis, particularly in respect of the Bank's material risk exposure, enable identification of potential risks inherent in a portfolio at times of economic recession and accordingly take suitable proactive steps to address the same. In accordance with the policy prescriptions, the Bank carries out various stress tests on Bank's balance sheet periodically and specific portfolios and places the reports to ALCO / RMCB / Board.

Board approved Business Continuity Plan and Disaster Recovery plan is in place. The 3 way data centers have been implemented to facilitate Zero data loss, Multiple MPLS-VPN high bandwidth connections at all 3 data Centres and Central, Dual connectivity from different alternate service/alternate providers and alternate media for branches have been established. Firewall and Intrusion detection systems have been implemented. Information System Security Department has been established to monitor and analyse the information security incidents to take corrective steps while IS Audit section takes care of the periodical Information Systems Audit of the Bank's department and branches.. The Bank has fine tuned the information security systems in accordance with RBI guidelines. Regular DR drills are being conducted every quarter. To ensure Network security, periodical Vulnerability assessment and Penetration testing exercise are conducted by external experts.

The Bank is also in the process of upgrading its risk management systems and procedure for migrating to the advanced approaches envisaged under Basel II framework.

Reserve Bank of India has issued final guidelines on Liquidity Risk Management effective from March 2013. The guideline covers preparation and submission of consolidated Bank operations including domestic operations and overseas operations separately at various frequencies. The Bank has put in place system and procedure in place in this regard in compliance with the RBI guidelines.

Reserve Bank of India has issued guidelines on implementation of Basel III capital regulations in India to be implemented in phased manner effective from April 1, 2013 with Banks disclosing

Basel III capital ratios from the quarter ending June 30, 2013. The Bank is complying with the same.

The third pillar of Basel-II framework refers to market discipline. The purpose of market discipline is to complement the minimum capital requirements detailed under Pillar 1 and the supervisory review process detailed under Pillar 2. In this context and as guided by RBI a set of disclosure (both qualitative and quantitative) are published in DF 1 to 11 (annexed) with regard to risk management in the Bank, which will enable market participants to assess key pieces of information on the (a) scope of application (DF-1), (b) Capital Adequacy (DF-2), (c) Credit Risk: General Disclosures for all Banks (DF-3), (d) Credit Risk: Disclosures for Portfolios subject to the Standardised Approach (DF-4), (e) Credit Risk Mitigation: Disclosures for Standardised Approaches (DF-5), (f) Securitisation Exposures: Disclosure for Standardised Approach (DF-6), (g) Market Risk in Trading Book (DF-7), (h) Operational Risk (DF-8), (i) Interest Rate Risk in the Banking Book (IRRBB) (DF-9), (j) General Disclosure for Exposures Related to Counter Party Credit Risk (DF-10) and (k) Composition of Capital (DF-11). This would also provide necessary information to the market participants to evaluate the performance of the Bank in various parameters.

1. Scope of Application and Capital Adequacy

TABLE DF –1: Scope of application

Name of the Banking Group to which the frame work applies

(i) Qualitative Disclosures

Name of the Entity / Country of Incorporation	Whether the entity is included under accounting scope of Consolidation (yes/ no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of Consolidation (yes/ no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Bank does not belong to any group Not Applicable						

a. List of Group entities considered for consolidation

b. List of Group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the Entity / Country of Incorporation	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	% of the Bank's holding in the total equity	Regulatory treatment of the Bank's investments in the capital instruments of the entity	Total Balance Sheet assets (as stated in the accounting balance sheet of the legal entity)
Bank does not belong to any group Not Applicable					

ii. Quantitative Disclosures:

c. List of Group entities considered for consolidation

Name of the Entity / Country of Incorporation (as indicated in (i)a. above)	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	Total Balance Sheet assets (as stated in the accounting balance sheet of the legal entity)
Not applicable			

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e., that are deducted:

Name of the Subsidiaries / Country of Incorporation	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	% of the Bank's holding in the total equity	Capital deficiencies
Not applicable				

e. The aggregate amounts (e.g. current book value) of the Bank's total interests in insurance entities, which are risk weighted:

Name of the insurance entiites / Country of Incorporation	Principal activity of the entity	Total Balance Sheet Equity (as stated in the accounting balance sheet of the legal entity)	% of the Bank's holding in the total equity/ proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method vs. using the full deduction method
Not applicable				

f. Any restrictions or impediments on transfer of funds or regulatory capital within the Banking Group: Not applicable

Table DF – 2: Capital Adequacy

Qualitative disclosures:

Banks in India implemented capital adequacy measures in April 1992 based on the capital adequacy framework (Basel-I) issued by the Basel Committee on Banking Supervision (BCBS) and the guidelines issued by Reserve Bank of India (RBI) from time to time. Such a measure was taken in order to strengthen the capital base of Banks and at the same time to make it compliant with the international best practices in the matter of maintaining capital adequacy. Initially the Basel framework addressed the capital for credit risk, which was subsequently amended to include capital for market risk. In line with the guidelines issued by the RBI the Bank was compliant with the relevant guidelines.

Subsequently, the BCBS released the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" on June 26, 2004. The Revised Framework was updated in November 2005 to include trading activities and the treatment of double default effects and a comprehensive version of the framework was issued in June 2006. Based on these guidelines and to have consistency and to be in harmony with international standards, the RBI has issued guidelines on 27th April 2007 and subsequent amendments on implementation of the New Capital Adequacy (Basel-II) Framework from time to time.

In line with the RBI guidelines, the Bank had migrated to the revised (Basel-II) framework from 31.3.2008 and continues to be compliant with the requirements of Basel-II framework.

Basel-II Framework provides a range of options for determining the capital requirements for credit risk, market risk and operational risk. The Framework allows Banks and supervisors to select approaches that are most appropriate for their operations and financial markets. In accordance with the RBI's requirements, the Bank has adopted Standardised Approach (SA) for credit risk, Standardised Measurement Method (SMM) for market risks and Basic Indicator Approach (BIA) for Operational Risk to compute capital. The Bank is maintaining capital for Credit, Market and Operational Risk in line with the RBI guidelines in this regard.

The Bank has computed capital for market risk and operational risk as per the prescribed guidelines at the Bank's Central Office, based on the relevant data. In computation of capital for Credit risk under Standardized Approach, the Bank has relied upon the borrower-wise data captured from each individual branch besides portfolios held at Central Office of the Bank. In all loan types, the credit risk capital computation is done on borrower basis or facility type basis as per the segmentation advised in the RBI guidelines. For this purpose, the Bank has developed in-house software, which enables computation of capital for credit risk of the advances portfolio of the branches and generation of the requisite reports at the Branch level, Regional Office level and Central Office level through CBS System. Necessary training is imparted to the field staff periodically on various aspects of capital computation and close interactions held with the coordinators at Regional Offices, to ensure accuracy and adequacy of data in capital computation.

Banks generally use a number of techniques to mitigate the credit risk to which they are exposed. The Bank has also used the Credit Risk Mitigation in computation of capital for credit risk in order to get capital relief. A well articulated policy on Collateral Management and Credit Risk Mitigation duly approved by the Bank's Board is put in place. The Bank has followed the RBI guidelines in force to arrive at the credit risk mitigation, risk weighted assets, eligible capital and Capital to Risk Weighted Assets Ratio (CRAR).

RBI has prescribed that Banks are required to maintain a minimum total capital (MTC) of 9% of total risk weighted assets (RWAs) i.e. capital to risk weighted assets (CRAR). The framework issued by RBI prescribes maintenance of a minimum Tier-1 CRAR of 7% with a minimum CET 1 of 5.5%. Total Capital (Tier 1 Capital plus Tier 2 Capital) must be at least 9% of RWAs on an ongoing basis. Thus, within the minimum CRAR of 9%, Tier 2 capital can be admitted maximum up to 2%.

The Bank has put in place a policy on Internal Capital Adequacy Assessment Process (ICAAP) and the framework in consideration of the relevant risk factors of the Bank as a measure towards adequacy of capital available to meet the residual risk as part of Pillar 2 requirements of the revised framework commensurate with the Bank's overall risk profile. In framing the policy the Bank has taken into consideration the requirements prescribed by the RBI in their guidelines and Bank's risk appetite.

As regards the adequacy of capital to support the future activities, the Bank draws assessment of capital requirements periodically taking into account future growth of business. The surplus CRAR maintained by the Bank acts as a buffer to support the future activities. Moreover, the headroom available to the Bank in the Tier-1 and Tier-2 capital components provides additional capital support to meet the future needs. Thereby, the capital risk of the Bank is adequately addressed. Government of India, which is the major share holder in the Bank, has been subscribing fresh capital to augment capital adequacy. In future, the Bank shall take suitable steps to augment the capital by retention of earnings and through infusion of fresh capital from the market depending upon the market conditions in order to meet the Basel III requirements.

As part of Basel III framework RBI has introduced Leverage Ratio concept. The leverage ratio is the ratio of Tier-1 capital (Common Equity + Additional Tier I) and total exposure (as defined under Basel III). The leverage ratio has to be maintained on a quarterly basis. The basis for calculation at the end of each quarter is "based on the definition of capital (the capital measure) and total exposure (the exposure measure). Banks operating in India are required to make **disclosure** of the leverage ratio on quarterly basis and its components from April 1, 2015 on a quarterly basis as per the templates given. First disclosure required to be made for the quarter ending June 30, 2015.

RBI has issued guidelines on two minimum standards viz. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity. The LCR promotes short term resilience of Banks to potential liquidity disruptions by ensuring that Bank have sufficient high quality liquid assets (HQLA) to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer term time horizons by requiring Banks to fund their activities with more stable sources of funding on an ongoing basis. The LCR and NSFR requirement would be binding on Banks from January 1, 2015 and January 1, 2018 respectively. With a view to provide transition time for Banks, the requirement would be minimum of 60% for the calendar year 2015 i.e with effect from January 1, 2015 and rise in equal steps to reach the minimum required level of 100% on January 1, 2019 as per the time line given below:

	January 1, 2015	January 1,2016	January 1,2017	January 1,2018	January 1,2019
Minimum LCR	60%	70%	80%	90%	100%

The LCR as on 01.01.2015 was well within the minimum stipulated requirement of 60%.

Quantitative disclosures	(₹ in Crore)
a) Capital requirements for credit risk	
• Portfolios subject to standardised approach	15238.70
• Securitisation exposures	Nil
b) Capital requirements for market risk:	
• Standardised duration approach	
- Interest rate risk	592.65
- Foreign Exchange risk (including gold)	18.08
- Equity risk	575.57
c) Capital requirements for operational risk	
• Basic indicator approach	1067.86
• The Standardised Approach	Not Applicable
d) Common Equity Tier 1 Capital Ratio	6.55%
Tier 1 Capital	7.30%
Total Capital Ratio	10.11%
For the top consolidated group; and	Not Applicable
• For significant Bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)	Not Applicable

Table DF-3

CREDIT RISK: GENERAL DISCLOSURES FOR ALL BANKS

Qualitative disclosures:

Credit Risk is the possibility of losses associated with diminution in the credit quality of borrowers or counter parties. In a Bank's portfolio, Credit Risk arises mostly from lending and investment activities of the Bank if a borrower / counterparty is unable to meet its financial obligations to the lender/investor. It emanates from changes in the credit quality/worthiness of the borrowers or counter parties. Credit risk also includes counterparty risk and country risk.

Credit rating and Appraisal Process:

The Bank manages its credit risk through continuous measuring and monitoring of risks at obligor (borrower) and portfolio level. The Bank has a robust internal credit rating framework and well-established standardized credit appraisal / approval process. Credit rating is a facilitating process that enables the Bank to assess the inherent merits and demerits of a proposal. It is a decision enabling tool that helps the Bank to take a view on acceptability or otherwise of any credit proposal.

The rating models factor quantitative and qualitative attributes relating to Risk components such as Industry Risk, Business Risk, Management Risk, Financial Risk, Project risk (where applicable) and Facility Risk etc. The data on industry risk is regularly updated based on market conditions.

Credit rating as a concept has been well internalized within the Bank. As a measure of robust credit risk management process, the Bank has implemented a tiered system for validation of credit ratings at specified levels which is independent of credit departments, in order to draw unbiased rating for borrowers necessary for moving to advanced approaches. In respect of proposals falling under powers of Bank's Central Office, the validations of ratings are done at Risk Management Dept. The advantage of credit rating is that it enables to rank different proposals based on risk and do meaningful comparisons.

The Bank follows a well-defined multi layered discretionary power structure for sanction of loans and advances. Approval Grid has been constituted at all levels covering Exceptionally Large branch / RO / CO for recommending fresh/enhancement proposal to appropriate sanctioning authorities. Specific Sanctioning Powers have been delegated to Branch Managers. In addition to the Management Committee of the Board (MCB), the Bank has constituted three committees such as (a) Credit Approval Committee (CAC) headed by MD & CEO, (b) Head Office Level Credit Approval Committee headed by Executive Director (HLCCED) and (c) Head Office Level Credit Approval Committee headed by senior most General Manager (HLCCGM) with delegated powers to consider sanction of credit proposals falling under Central Office powers at different levels. Further, Zonal Level Credit Committees (ZLCC) headed by the Zonal Head and Regional Level Credit Committees (RLCC) headed by the Regional Head have also been formed at all Zonal Offices and Regional Offices with suitable delegated power for sanction of credit proposals. Consequently, no Executives beyond Branch Heads exercise any discretionary powers for sanction of credit proposals at individual level.

The new products introduced by Bank are examined by the head office level risk management committee depending upon the type of risks involved in the new product / process before being placed to RMCB/Board for approval.

Credit Risk Management Policies

The Bank has put in place a well-structured loan policy and credit risk management policy duly approved by Board. The policy document defines organizational structure, role and responsibilities and processes whereby the Credit Risk carried by the Bank can be identified, quantified and managed within the framework that the Bank considers consistent with its mandate and risk tolerance. Credit risk is monitored by the Bank on a Bank-wide basis and compliance with the risk limits approved by Board / RMCB is ensured. The CPC takes into account the risk tolerance level of the Bank and accordingly handles the issues relating to Safety, Liquidity, Prudential Norms and Exposure limits.

The Bank has taken earnest steps to put in place best credit risk management practices in the Bank. In addition to Loan Policy and Credit Risk Management Policy, the Bank has also framed Funds and Investment Policy, Counter Party Risk Management Policy and Country Risk Management Policy etc., which forms integral part of monitoring of credit risk in the Bank. Besides, the Bank has implemented a policy on collateral management and credit risk mitigation which lays down the details of securities (both prime and collateral) normally accepted by the Bank and administration of such securities to protect the interest of the Bank. Presently, some select securities act as mitigation against credit risk (in capital computation), to which the Bank is exposed.

Credit Monitoring/Loan Review/Credit Audit

The Credit Monitoring Department monitors the quality of Credit portfolio, identifies problems and takes steps to correct deficiencies. The objective of the department is to minimize slippage of performing accounts to NPA category and also to comply with the laid down norms and guidelines. The department is also micro monitoring the accounts by segmentation and follow up the accounts on a daily basis to minimize slippages. Furthermore, the accounts are also monitored at different levels of authority depending upon the size of the exposure.

All standard borrowal accounts with credit exposure of ₹ 1 crore and above are reviewed under Loan Review Mechanism, which is essentially an off-site audit mechanism. The credit audit is carried out in terms of Guidance Note on Credit Risk issued by Reserve Bank of India and the Credit Risk Management Policy of the Bank.

The credit audit covers all borrowal accounts with total exposure of ₹ 5 crore and above sanctioned by any authority. This is an ongoing exercise which helps the Bank to identify deficiencies and early warning signals of sickness/weakness in borrowal accounts. Essentially this is an onsite audit mechanism to prevent deterioration in the quality of advances thereby protecting the interest of the Bank. The Bank also maintains surveillance on the accounts with working capital exposure of ₹ 1.00 Cr and above by calling for Continuous Surveillance statements.

Classification of restructured accounts:

The Bank has followed the prudential guidelines issued by the RBI in respect of classification and provisioning for restructured accounts from time to time.

Classification of Non Performing Accounts:

The Bank follows the prudential guidelines of RBI for classification of NPA accounts. (₹ in Crore)

	Quantitative Disclosures	2014-15
a)	Total gross credit risk exposures:	
	Fund based	268337.48
	Non fund based	28388.68
b)	Geographic distribution of exposures,	
	• **Domestic**	
	Fund based	162837.52
	Non Fund based	35944.91
	• **Overseas**	
	Fund based	16203.81
	Non Fund based	2951.25
c)	Industry type distribution of exposures, fund based and non-fund based separately.	Annexed
d)	Residual contractual maturity breakdown of assets	Annexed
e)	Amount of NPAs (Gross)	14922.45
	• Substandard	6874.49
	• Doubtful (D1, D2, D3)	7806.65
	• Loss	241.31
f)	Net NPAs	9813.33
g)	NPA Ratios	
	• Gross NPAs to gross advances	8.33%
	• Net NPAs to net advances	5.68%

h)	Movement of NPAs (Gross)	
	• Opening balance	9020.48
	• Additions	12015.96
	• Reductions	6113.99
	• Closing balance	14922.45
i)	Movement of provisions for NPAs	
	• Opening balance	2994.03
	• Provisions made during the period	3529.31
	• Write off	2066.14
	• Write back of excess provisions	0
	• Closing balance	4457.20
j)	Amount of Non-Performing Investments	179.63
k)	Amount of provisions held for non-performing investments	76.45
l)	Movement of provisions for depreciation on investments	
	• Opening Balance	995.49
	• Provisions made during the period	83.68
	• Write-off / Write-back of excess provisions	656.72
	• Closing Balance	422.45

Residual contractual Maturity break down of Assets (₹ in Crore)

Day 1	2-7 D	8-14 D	15-28D	29D-3M	3-6M	6M-1Year	>1 to 3years	>3 to 5years	>5 years
5294.40	16096.75	7925.85	9168.85	24023.28	20226.35	30599.83	72154.42	26242.17	56491.02

Covers Gross Assets for domestic operations

INDUSTRY WISE EXPOSURES (₹ in Crore)

Industry Name	Outstanding
Mining and quarrying	1866.55
Food Processing	4372.20
Of which Sugar	1234.26
Of which Edible Oils and Vanaspati	1146.60
Of which Tea	46.95
Beverages and Tobacco	598.11
Cotton Textiles	4012.64
Jute Textiles	76.92
Handicraft/ Khadi (Non Priority)	204.11
Other Textiles	3006.94
Leather and Leather Products	532.12
Wood and Wood Products	713.34
Paper and Paper Products	1863.71
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1103.00
Chemicals and Chemical Products (Dyes, Paints, etc.,)	2521.15
Of which Fertilisers	127.98
Of Which Drugs and Pharmaceuticals	739.18
Of which Others	1653.99
Rubber, Plastic and their products	1141.98
Glass & Glassware	135.22
Cement and Cement Products	1550.50
Iron and Steel	11219.66
Other Metal and Metal Products	2269.60
All Engineering	6167.99

Of which Electronics	409.80
Vehicles, Vehicle Parts and Transport Equipments	3350.88
Gems and Jewellery	917.41
Construction	998.90
Infrastructure	28592.82
Of which Roadways	8066.81
Of which Energy	19064.92
Of which Telecommunications	1461.09
Other Industries	419.88
Residuary Other Advances to balance Gross Advances	101405.30
Of which Aviation Sector	1511.67
Total Loans and Advances	**179041.33**

Table DF-4

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative disclosures:

General Principle:

In accordance with the RBI guidelines, the Bank has adopted Basel II Capital Adequacy Framework for computation of capital for credit risk. In computation of capital, the Bank has assigned risk weight to different asset classes as prescribed by the RBI from time to time.

In computation of capital for Credit risk under Standardised Approach, individual exposures are captured. Where the exposures are fully secured such as Jewel Loans, Loans against Term deposits/approved insurance policies etc, these loans are fully netted against available credit risk mitigants (CRM), as the mitigation higher than the exposure is available after applying the applicable hair cut due to higher margin prescription.

External Credit Ratings:

Ratings of borrowers by External Credit Rating Agencies (ECRA) assume importance in the light of Guidelines for implementation of the Basel II Capital Adequacy Framework. Exposures on Corporates / Public Sector Enterprises/ Primary Dealers are assigned with risk weights based on available external ratings. For this purpose, the Reserve Bank of India has permitted Banks to use the ratings of six domestic ECRAs viz. Credit Analysis and Research Ltd (CARE), CRISIL Ltd, FITCH India (renamed as India Ratings) and ICRA Ltd, Brickworks Rating Services India Ltd and Small and Medium Enterprises Rating Agency Ltd (SMERA)

In consideration of the above, the Bank has decided to accept the ratings assigned by all these ECRAs for capital relief purpose. The RBI has provided for mapping public issue ratings on to comparable assets into banking book. However, this particular provision has not been taken into account in Credit Risk Capital Computation.

The Bank uses only solicited external ratings for capital computation purpose. Borrowers at their option can approach any one or more of the above ECRAs for their rating. External ratings assigned fresh or reviewed during the previous 15 months are reckoned for capital computation by the Bank. Wherever a borrower possesses more than one rating from ECRAs the guidelines prescribed by the RBI are followed as regards to assignment of risk weight for computation of capital.

Internal Credit Rating:

The Bank has a well structured internal credit rating mechanism to evaluate the credit risk associated with a borrower and accordingly the systems are in place for taking credit decision as regards the acceptability of proposals and level of exposures and pricing. The Bank has prescribed entry level rating in case of new accounts. Accounts with ratings below the entry level can be considered only by higher authorities as per the delegated powers prescribed.

Presently, the internal ratings cannot be used for application of risk weight under Standardised Approach of capital computation. The Bank takes into consideration the borrower's loan exposure credit ratings assigned by the approved ECRAs while computing the capital for credit risk as on 31.3.2015 under corporate and PSE segments.

In case of investment in particular issues of Corporates / PSEs, the issue specific rating of the approved ECRAs are reckoned and accordingly the risk weights have been applied after a corresponding mapping to rating scale provided in RBI guidelines.

For the purpose of capital computation of overseas exposures, ratings assigned by the international rating agencies namely Fitch, Moody's and Standard & Poor's are used as per RBI guidelines.

As regards the coverage of exposures in India by external ratings as relevant for capital computation under Standardised Approach, the process needs to be popularized among the borrowers so as to take the benefit of capital relief available for better-rated customers. The borrowers need to consider the external rating as an opportunity for their business development, which would take some time.

Quantitative Disclosures

(₹ in Crore)

Classification	Exposure after Mitigation (EAM)	EAM covered under External Rating	**Unrated**
ADVANCES / INVESTMENT			
Below 100% risk weight	106813.87	12018.50	94795.38
100% risk weight	94546.34	12927.60	81618.73
More than 100% risk weight	30504.68	10051.59	20453.09
Deducted	0	0	0
TOTAL	**231864.89**	**34997.69**	**196867.20**

OTHER ASSETS			
Below 100% risk weight	31871.27	1853.75	30017.52
100% risk weight	5581.77	0	5581.77
More than 100% risk weight	51.69	0	51.69
Deducted	0	0	0
TOTAL	**37504.73**	**1853.75**	**35650.98**

Table DF – 5

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Qualitative disclosures:

Policy on Credit Risk Mitigation:

In line with the regulatory requirements, the Bank has put in place a well-articulated policy on collateral management and credit risk mitigation techniques duly approved by the Bank's Board. The Policy lays down the type of securities normally accepted by the Bank for lending and administration/ monitoring of such securities in order to safeguard /protect the interest of the Bank so as to minimize the risk associated with it.

The main types of securities (both prime and collateral) accepted by the Bank includes Bank's own deposits, Gold/ Ornaments, Kisan Vikas Patras, Shares and debentures, Central and State Govt. securities, Life Insurance Policies, Mutual Fund units, Immovable Properties, Plant and Machinery, Goods and Merchandise, Documents of Title to Goods, Book debts, Vehicles and other moveable assets etc. The Bank has also framed a well-defined policy on valuation of immovable properties and Plant and Machineries duly approved by Board.

Credit Risk Mitigation under Standardised Approach:

(a) Eligible Financial Collaterals:

As advised by RBI, the Bank has adopted the comprehensive approach relating to credit risk mitigation under Standardised Approach, which allows fuller offset of securities (prime and collateral) against exposures, by effectively reducing the exposure amount by the value ascribed to the securities. Thus the eligible financial collaterals are fully made use of to reduce the credit exposure in computation of credit risk capital. In doing so, in line with RBI guidelines, the Bank has recognized specific securities viz (a) cash/Bank deposits (b) gold/ornaments (c) life insurance policies (d) kisan vikas patras (after a lock in period of 2 ½ years).

(b) On Balance Sheet Nettings:

As per Bank's policy on utilization of the credit risk mitigation techniques and collateral management, on–balance sheet netting has been reckoned to the extent of deposits available against loans/advances of the borrower (maximum to the extent of exposure), where Bank has legally enforceable netting arrangements involving specific lien with proof of documentation as prescribed by RBI. In such cases, the capital computation is done on the basis of net credit exposure.

(c) Eligible Guarantees:

Other approved form of credit risk mitigation is availability of "Eligible Guarantees", in computation of credit risk capital, types of guarantees recognized as mitigation, in line with RBI guidelines are (a) Central Government (0%) (b) State Government (20%), (c) CGTMSE (0%) (d) ECGC (20%) (e) Banks in the form of Bills Purchased/discounted under Letters of Credit (both domestic and foreign Banks as per guidelines).

The Bank has ensured compliance of legal certainty as prescribed by the RBI in the matter of credit risk mitigation.

Concentration risk in credit risk mitigation:

Policies and process are in place indicating the type of mitigants the Bank use for capital computation under the Standardised approach. All types of securities (financial collaterals) eligible for mitigation are easily realizable financial securities. As such, the Bank doesn't envisage any concentration risk in credit risk mitigation used and presently no limit/ceiling has been prescribed for the quantum of each type of collateral under credit risk mitigation.

Quantitative Disclosures (₹ in Crore)

For each separately disclosed credit risk portfolio, the exposure (after, where applicable, on or off balance sheet netting) that is covered by Eligible Financial Collateral after application of haircuts	24214.01
Domestic Sovereign	0.00
Foreign Sovereign	0.00
Public Sector Entities	46.22
Banks – Schedule (INR)	0.00
Foreign Bank claims in FCY	0.00
Primary Dealers	0.00
Corporates	3783.52
Regulatory Retail Portfolio (RRP)	15758.91
Claims secured by Residential Property	21.24
Claims secured by Commercial Real Estate	125.96
Consumer Credit	4208.72

Capital Market Exposure	3.43
NBFC	26.32
Venture Capital	0.00
Non Performing Assets – a) Housing Loan	0.24
Non Performing Assets – b) Others	77.68
Other Assets – Staff Loans	63.65
Other Assets	50.13
Restructured Accounts	19.32
Claims secured by C.R.E-RH	28.50
Restructured Housing Loan	0.17

Quantitative Disclosures (₹ in Crore)

For each separately disclosed credit risk portfolio, the total exposure (after, where applicable, on or off balance sheet netting) that is covered by guarantees / Credit Derivatives (whenever specifically permitted by RBI)	14392.88
Public Sector Entities	7829.14
Corporates	2868.49
Regulatory Retail Portfolio (RRP)	764.01
Restructured	2838.95
Capital Market Exposure	0.00
CRE	68.29
CRE-RH	24.00

Table DF 6

SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH

Qualitative Disclosures a) The general qualitative disclosure requirement with respect to securitisation, including a discussion of: • The Bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the Bank to other entities. • The nature of other risks (e.g. liquidity risk) inherent in securitized assets • The various roles played by the Bank in securitisation process (for example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider, protection provider) and an indication of the extent of the Bank's involvement in each of them; • A description of the processes in place to monitor changes in the credit and market risk of securitization exposures (for example, how the behaviour of the underlying assets impacts securitization exposures as defined in para 5.16.1 of the Master Circular of NCAF dated July 1, 2009); • A description of the Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposure;	No securitisation for the year ended 31.03.2015
b) Summary of the Bank's accounting policies for securitisation activities, including : • Whether the transactions are treated as sales or financings; • Methods and key assumptions (including inputs) applied in valuing positions retained or purchased. • Change in methods and key assumptions from the previous period and impact of the changes; • Policies for recognizing liabilities on the balance sheet for arrangements that could require the Bank to provide financial support for securitized assets;	
c) In the banking book, the names of ECAIs used for securitisations and the types of securitisation exposure for which each agency is used.	

Quantitative Disclosures in Banking Book	
d) Total amount of exposures securitised by the Bank.	
e) For exposures securitised losses recognized by the Bank during the current period broken by the exposure type (e.g. Credit cards, Housing loans, auto loans, etc. detailed by underlying security)	Not applicable
f) Amount of assets intended to be securitized within a year.	
g) Of (f), amount of assets originated within a year before securitisation.	
h) The total amount of exposures securitised (by exposure type) and unrecognized gain or losses on sale by exposure type.	
i) Aggregate amount of securitisation exposures retained or purchased broken down by exposure type and off balance sheet securitisation exposures broken down by exposure type.	
j) Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach.	
* Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from Total Capital (by exposure type).	
Quantitative Disclosure: Trading Book	
k) Aggregate amount of exposures securitised by the Bank for which the Bank had retained sum exposures and which is subject to market risk approach, by exposure type.	
l) Aggregate amount of: • On-balance sheet securitisation exposures retained or purchased broken down by exposure type; and • Off-balance sheet securitisation exposures broken down by exposure type.	
m) Aggregate amount of securitisation exposures retained or purchased separately for: • Securitisation exposures retained or purchased subject to comprehensive Risk Measure for specific risk; and • Securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands.	
n) Aggregate amount of: • the capital requirements for the securitisation exposures, subject to the securitization framework broken down into different risk weight bands. • Securitisation exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).	

Table DF – 7

Market Risk in Trading Book:

Qualitative disclosure:

Market Risk:

Market Risk is defined as the possibility of loss to a Bank in on & off-balance sheet position caused by changes/movements in market variables such as interest rate, foreign currency exchange rate, equity prices and commodity prices. Bank's exposure to market risk arises from domestic investments (interest related instruments and equities) in trading book (Both AFS and HFT categories), the Foreign Exchange positions (including open position, if any, in precious metals) and trading related derivatives. The objective of the market risk management is to minimize the impact of losses on earnings and erosion of equity capital arising from market risk.

Policies for management of market risk:

The Bank has put in place Board approved Market Risk Management Policy and Asset Liability Management (ALM) policy for effective management of market risk in the Bank. Other policies which also deal with market risk management are Funds Management and Investment Policy, Derivative Policy, Risk Management Policy for forex operations and Stress testing policy. The market risk management policy lays down well defined organization structure for market risk management functions and processes whereby the market risks carried by the Bank are identified, measured, monitored and controlled within the ALM framework, consistent with the Bank's risk tolerance. The policies set various risk limits for effective management of market risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The policies also deal with the reporting framework for effective monitoring of market risk.

The ALM policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, liquidity risk is managed through GAP analysis based on residual maturity/behavioral pattern of assets and liabilities on daily basis based on best available information data coverage as prescribed by RBI. The liquidity risk through Structural Liquidity statement was hither too reported to RBI for domestic operation while the same was managed separately at each overseas center and placed to ALCO for control purpose in the past. However as per recent RBI circular, w.e.f March 2013 onwards the liquidity risk is to be computed and submitted to RBI in rupee and foreign currency for domestic operations, overseas centers and consolidated for Bank operations at various frequencies.

The Bank has put in place mechanism of short-term dynamic liquidity management and contingent funding plan. Prudential (tolerance) limits are prescribed for different residual maturity time buckets for efficient asset liability management. Liquidity profile of the Bank is evaluated through various liquidity ratios. The Bank has also drawn various contingent measures to deal with any kind of stress on liquidity position. Bank ensures adequate liquidity management by Domestic Treasury through systematic and stable funds planning.

Interest rate risk is managed through use of GAP analysis of rate sensitive assets and liabilities and monitored through prudential (tolerance) limits prescribed for global operations. The Bank estimates earnings at risk for domestic operations and modified duration gap for global operations periodically for assessing the impact on Net Interest Income and Economic Value of Equity with a view to optimize shareholder value.

The Asset-Liability Management Committee (ALCO) / Board monitors adherence to prudential limits fixed by the Bank and determines the strategy in the light of the market conditions (current and expected) as articulated in the ALM policy. The mid-office monitors adherence to the prudential limits on a continuous basis. ALCO subcommittee which meets twice a week analyze the liquidity position, decide on price for bulk deposits and assess contingency funding requirement which is reported to ALCO in the subsequent meeting.

Quantitative Disclosures:

In line with the RBI's guidelines, the Bank has computed capital for market risk as per Standardised Duration Approach of Basel-II framework for maintaining capital. The capital requirement for market risk as on 31.3.2015 in trading book of the Bank is as under:

(₹ in Crore)

Type of Market Risk	Risk Weighted Asset (Notional)	Capital Requirement
Interest rate risk	6585.02	592.65
Equity position risk	6395.23	575.57
Foreign exchange risk	200.87	18.08
TOTAL	**13181.13**	**1186.30**

Table DF – 8

Operational Risk

Qualitative disclosures:

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risk.

Policies on Management of Operational risk:

The Bank has framed operational risk management policy duly approved by the Board. Other policies adopted by the Board which deal with management of operational risk are (a) Information Systems security policy (b) forex risk management policy (c) Policy document on know your customer (KYC) and Anti-Money Laundering (AML) procedures (d) Business Continuity and Disaster Recovery Plan (BC-DRP) (e) compliance policy and (f) policy on outsourcing of Financial Services.

The operational risk management policy adopted by the Bank outlines organization structure and detailed processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management processes of the Bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling or mitigating operational risk and by timely reporting of operational risk exposures including material operational losses. Operational risks in the Bank are managed through comprehensive and well-articulated internal control framework.

The Bank has got embodied in its Book of Instructions well-defined systems and procedures for various operations. The Bank has issued detailed guidelines for handling computerized operations and a system of EDP audit is in place to ensure adherence to the laid down systems and procedures. The Bank has clear guidelines as to the role functions of various levels of employees. A training system with provision for giving specialized training in credit /forex and other functional areas is in place. Conduct rules and service regulations for all the employees are also in place.

Various internal and external audit systems are in place to ensure that laid down systems and procedures are followed and timely actions are initiated for rectifying the deficiencies.

The Bank has put in place Compliance Policy duly approved by Board. In terms of the RBI guidelines on compliance functions in Banks, the Bank has established separate "Compliance Department" in C.O. independent of business group. Compliance officers are designated in each branch /department/office to monitor the level of compliance. The methodologies and system have been devised and put in place for assessment of level of compliance. Reporting systems on compliance function have been devised and put in place.

In line with the final guidelines issued by RBI, our Bank is adopting the Basic Indicator Approach for computing capital for operational risk. As per the guidelines the Banks must hold capital for operational risk equal to 15% of positive average annual gross income over the previous three years as defined by RBI

Quantitative disclosures **₹ In Crores**

Parameter	Capital amount	Notional Risk Weighted Assets
15% of positive average annual gross income over the previous 3 years as defined by RBI	11865.07	1067.86

Table DF –9 Interest rate risk on the Banking Book:

Qualitative disclosures:

Interest rate risk is the risk where changes in the market interest rates might affect a Bank's financial condition. Changes in interest rates may affect both the current earnings (earnings perspective) as also the net worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact on the Net Interest Income (NII) or Net Interest Margin. Similarly the risk from economic value perspective can be measured as drop in Economic Value of Equity.

The Bank identifies the risks associated with the changing interest rates on its on-balance sheet and off-balance sheet exposures in the Banking book from a short term (Earnings perspective) and long term Economic Value Perspective. The impact on income (Earnings Perspective) for domestic operations is measured through use of GAP analysis by applying notional rate shock ranging from 25bps to 200bps as prescribed in the Bank's ALM Policy over one year horizon. Prudential limits have been prescribed for such impacts as a percentage of Net Interest Income of the Bank and in absolute terms and the same is monitored periodically. For the calculation of impacts on earnings, the Traditional GAP Analysis for domestic operation is taken from the Rate Sensitivity Statement and based on the remaining period from the mid point of a particular bucket the impact for change in interest rate up to 200 bps is arrived at. The same is reported to Board and ALCO periodically along with the Rate Sensitivity Statement. The limits are fixed on the basis of previous year's Net Interest Income (NII) duly approved by Board.

The Bank has adopted traditional GAP analysis combined with duration GAP analysis for assessing the impact (as a percentage) on the Economic Value of Equity (Economic Value Perspective) on global operations by applying a notional interest rate shock of 200 bps over a time horizon of one year. For the purpose a limit of (+/-) 1.00% for modified duration gap is prescribed in the Bank's ALM policy and the position is monitored periodically.

The Bank calculates Duration GAP and the impact on Economic Value of Equity on a monthly basis. Assets and liabilities are grouped as per rate sensitivity statement and bucket-wise modified duration is computed for these groups of Assets and Liabilities using common maturity, coupon and yield parameters. Wherever possible, the Modified Duraton is calculated on individual item wise. In case of non maturity deposits, the Bank has conducted behavioural studies as prescribed by RBI to have a realistic assessment of the interest rate sensitivity.

The Bank is computing the interest rate risk position in each currency applying the Duration Gap Analysis (DGA) and Traditional GAP Analysis (TGA) to the Rate Sensitive Assets (RSA)/ Rate Sensitive Liabilities (RSL) items in that currency, where either the assets, or liabilities are 5 per cent or more of the total of either the Bank's global assets or global liabilities. . The interest rate risk positions in all other residual currencies are computed separately on an aggregate basis.

The quarterly returns are submitted within 21 days from the end of the quarter and monthly returns within 15 days from the end of the month to RBI as per guidelines.

Quantitative Disclosures –

The impact of changes of Net Interest Income (NII) and Economic Value of Equity (EVE) calculated as on 31.03.2015 by applying notional interest rate shocks as discussed above are as unde

(₹ in crore)

Change in Interest Rate	ALM Policy Limit for EaR	Earnings at Risk (EaR) 31.03.2015	
		Up to 1 year	Up to 5 years
0.25% change	192.5 (3% of NII of previous year)	142.46	118.15
0.50% change	385 (6% of NII of previous year)	284.91	236.31
0.75% change	577.5 (9% of NII of previous year)	427.37	354.46
1.00% change	770 (12% of NII of previous year)	569.82	472.61
2.00% change	1540 (24% of NII of previous year)	1139.64	945.22
ECONOMIC VALUE OF EQUITY			**31.03.2015**
Modified Duration Gap (DGAP)			0.1193%
Limit as per ALM Policy			(+/-)1.00%
Market value of Equity (MVE)			
For a 200 BPS Rate Shock the Drop in Equity Value			-4.6057%

Table DF – 10: General Disclosure for Exposures Related to Counterparty Credit Risk

Qualitative Disclosure	The following key financial and non-financial parameters are taken into consideration while fixing counter party limits
FINANCIAL/NON FINANCIAL PARAMETERS	**DETAILS**
FINANCIAL	
a. Capital Adequacy Ratio [CAR]	Banks with CAR of 10% and above are assigned maximum weightate of 25% and below 8% is assigned 0%. Banks with CAR of less than 6% are assigned with discount factors of 25% that will be deducted from the total weightage arrived at for computation of counter party limits.

b.	Return On Assets [RoA] – Profitability	Banks with ROA of more than or equal to 1.10 are assigned maximum weightage of 20% and the ROA less than 0.15% are assigned as 0%.
c.	Gross NPA / Net NPA – Asset Quality	Banks with Gross NPA (for Foreign Banks)/Net NPA (for Indian Banks) of less than 3.00% are assigned Maximum weightage of 20% and the Gross NPA/Net NPA more than or equal to 9.00% are assigned zero Weightage. Banks with Gross NPA/Net NPA more than 15% are assigned with discount factors of 20% that is deducted from the total wieghtage arrived at for computation of counter party limits. However, this will not be applicable to Banks owned by Govt. (Government holding majority share)
d.	External Agencies Ratings(Moody Investors Service or Standard & Poor's)	Ratings of Standard & Poor's, Moody's or Fitch and domestic rating agencies like CRISIL, ICRA, CARE of Brickworks in India are considered for arriving at the counter party limits. Banks rated with the highest/high quality /Exceptional/ Excellent grade are assigned a maximum weightage of 25% and the unrated shall have a zero weightage. Most of the Banks in India get themselves rated by rating agencies in India or abroad for their Tier II issuances, borrowing abroad. However, some Banks may not have any rating at all by recognized rating agencies. Such Banks will be assigned a weightaage of only 5% while assessing counter party limits. Wherever both the ratings are available, lower one will be reckoned and the weightage is assigned accordingly.
e.	Tier One Capital in Absolute Terms	Quantum of exposure assumable in relation to the net-worth of a counter party Bank ranges from 15% to 50% of net worth.
NON – FINANCIAL Reciprocal Business / Relationship Govt. Supported Banks/Indian Public/ Private Sector Banks Country of Incorporation		In addition to the above five key financial parameters there are many other key parameters assessed while forming judgement on the counter party Bank. The important among them are **a)** The spread and nature of the ownership structure **b)** Management Ability **c)** Peer comparison **d)** Importance of the Bank in the Economy and **e)** Country of Incorporation / Regulatory Environment. There are some Banks where Bank has to consider limits not based on the financial parameters but simply based on their relationship, reciprocal arrangements, business considerations, requests from Indian branches, overseas centres, etc., Wherever deemed necessary, the weightage ranging from 0% to 10% shall be considered for Govt. supported Banks/Indian Private sector Banks/Active correspondent Banks.

Quantitative Disclosures **(₹ in Crores)**

No	Particulars	Notional Amount	MTM	Total current credit exposures
1	Derivatives	717.44	16.59	58.29
2	Interest Rates Contracts/Swaps	7400.27	139.29	204.69
3	Forward Purchase / Sales Contract	28961.16	390.95	928.98
4	Credit Derivatives	Nil	Nil	Nil
5	Credit Default Swaps	Nil	Nil	Nil

Table DF – 11: Composition of Capital

Part I : Template to be used only from March 31,2017 : Not Applicable

Part II : Template to be used before March 31,2017 (i.e. during the transition period of Basel III regulatory adjustment)

(₹ In Crores)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			**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)	6080.48	6080.48
2	Retained earnings	7525.85	7525.85
3	Accumulated other comprehensive income (and other reserves)	0.00	0.00
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	0.00	0.00
	Public sector capital injections grandfathered until 1 January 2018	0.00	0.00

5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	0.00
6	**Common Equity Tier 1 capital before regulatory adjustments**	**13606.33**	**13606.33**
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	489.84	489.84
10	Deferred tax assets	346.89	346.89
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets	0.00	0.00
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity	35.94	0.00
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)	0.00	0.00
20	Mortgage servicing rights (amount above 10% threshold)	0.00	0.00
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	0.00
22	Amount exceeding the 15% threshold	0.00	0.00
23	of which: significant investments in the common stock of financial entities	0.00	0.00
24	of which: mortgage servicing rights	0.00	0.00
25	of which: deferred tax assets arising from temporary differences	0.00	0.00
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	0.00
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	0.00	0.00
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00	0.00
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the Bank	0.00	0.00
26d	of which: Unamortised pension funds expenditures	0.00	0.00
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)		
	of which: [INSERT TYPE OF ADJUSTMENT]		
	of which: [INSERT TYPE OF ADJUSTMENT]		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	0.00
28	**Total regulatory adjustments to Common equity Tier 1**	**872.67**	**836.73**
29	**Common Equity Tier 1 capital (CET1)**	**12733.65**	**12769.60**
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	1546.00	1780.00
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	0.00

32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	1546.00	1780.00
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0.00	0.00
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)	0.00	0.00
35	of which: instruments issued by subsidiaries subject to phase out	0.00	0.00
36	**Additional Tier 1 capital before regulatory adjustments**	**1546.00**	**1780.00**
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	75.00	75.00
38	Reciprocal cross-holdings in Additional Tier 1 instruments	20.00	0.00
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)	0.00	0.00
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)	0.00	0.00
41	National specific regulatory adjustments (41a+41b)	0.00	0.00
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	0.00
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the Bank	0.00	0.00
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	0.00	0.00
	of which: [INSERT TYPE OF ADJUSTMENT e.g. DTAs]		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]		
	of which: [INSERT TYPE OF ADJUSTMENT]		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to Additional Tier 1 capital**	95.00	75.00
44	**Additional Tier 1 capital (AT1)**	**1451.00**	**1705.00**
44a	**Additional Tier 1 capital reckoned for capital adequacy**	**1451.00**	**1705.00**
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	14184.65	14474.60
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1562.00	1562.00
47	Directly issued capital instruments subject to phase out from Tier 2	1842.61	2632.30
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)	0	0
49	of which: instruments issued by subsidiaries subject to phase out	0	0
50	Provisions	2109.96	2109.96
51	**Tier 2 capital before regulatory adjustments**	**5514.57**	**6304.26**
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	55.00	55.00
53	Reciprocal cross-holdings in Tier 2 instruments	0.00	0.00
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)	0	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	

56	National specific regulatory adjustments (56a+56b)		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the Bank	0	
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	0	0
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	0	0
	of which: [INSERT TYPE OF ADJUSTMENT]	0	0
57	**Total regulatory adjustments to Tier 2 capital**	55.00	55.00
58	**Tier 2 capital (T2)**	5459.57	6249.26
58a	**Tier 2 capital reckoned for capital adequacy**	**5459.57**	**6249.26**
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	0.00	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**5459.57**	**6249.26**
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**19644.22**	**20723.85**
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	55.94	
	of which: [INSERT TYPE OF ADJUSTMENT]	55.94	
	of which: …	0	
60	**Total risk weighted assets (60a + 60b + 60c)**	194365.04	
60a	of which: total credit risk weighted assets	169318.84	
60b	of which: total market risk weighted assets	13181.13	
60c	of which: total operational risk weighted assets	11865.07	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	6.55%	
62	Tier 1 (as a percentage of risk weighted assets)	7.30%	
63	Total capital (as a percentage of risk weighted assets)	10.11%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.50%	
65	of which: capital conservation buffer requirement	0	
66	of which: Bank specific countercyclical buffer requirement	0	
67	of which: G-SIB buffer requirement	0	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	1.05%	
	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)	0	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0	
	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)	2109.96	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2429.56	

78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase out arrangements	546	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	234	
84	Current cap on T2 instruments subject to phase out arrangements	1842.61	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	789.69	

Notes to the Template

Row No. of the template	Particular	(₹ in Crore)
10	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	346.89
	Total as indicated in row 10	346.89
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	0
	of which: Increase in Common Equity Tier 1 capital	0
	of which: Increase in Additional Tier 1 capital	0
	of which: Increase in Tier 2 capital	0
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0
	(i) Increase in Common Equity Tier 1 capital	0
	(ii) Increase in risk weighted assets	0
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)	0
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0
50	Eligible Provisions included in Tier 2 capital	1342.02
	Eligible Revaluation Reserves included in Tier 2 capital	767.94
	Total of row 50	2109.96
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)	0

Table DF – 12: Composition of Capital-Reconciliation Requirements

(₹ in Crore)

		Balance Sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	**Capital & Liabilities**		
i	**Paid up Capital**	**1235.35**	**1235.35**
	Reserves and Surplus	14405.67	14405.67
	Minority Interest	0	0
	Total Capital	**15641.02**	**15641.02**

ii	**Deposits**	**246048.72**	**246048.72**
	of which : Deposit from Banks	639.88	639.88
	of which : customer deposits	245408.84	245408.84
	of which : Others	0	0
iii	**Borrowings**	**18232.41**	**18232.41**
	of which : From RBI	0	0
	of which : From Bank	10081.38	10081.38
	of which : from other institutional & agencies	748.73	748.73
	of which : Others(pl .Specify)	0	0
	of which : Capital instruments	7402.30	7402.30
iv	**Other liabilities and provisions**	**5714.83**	**5714.83**
	Total	**285636.98**	**285636.98**
		Balance Sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
B	**Assets**		
i	Cash and Balances with Reserve Bank of India	**12637.77**	**12637.77**
	Balance with Bank and money at call and short notice	**12260.77**	**12260.77**
II	**Investments**	**81310.35**	**81310.35**
	of which: Government Securities	68382.03	68382.03
	of which: Other approved securities	3.11	3.11
	of Which :shares	1359.01	1359.01
	of which : Debentures & Bonds	5312.74	5312.74
	of which: Subsidiaries/joint Venture/Associates	199.58	199.58
	of which : other (commercial Paper, Mutual Funds etc)	6053.88	6053.88
iii	**Loans and advances**	**171756.02**	**171756.02**
	of which : Loans and advances to Banks	1444.79	1444.79
	of which : Loans and advances to customers	170311.23	170311.23
iv	**Fixed assets**	**2507.06**	**2507.06**
v	**Other assets**	**5165.00**	**5165.00**
	of which : Goodwill and intangible assets	0	0
	of which : Deferred tax assets	0	0
vi	**Goodwill on consolidation**	**0**	**0**
vii	**Debit balance in Profit & Loss account**	**0**	**0**
	Total	**285636.98**	**285636.98**

(₹ in.Crore)

	Extract of Basel III common disclosure template (with added column)-Table DF-11 (Part I / Part II whichever, applicable)	
	Common Equity Tier 1 capital: instruments and reserve	
		Component of regulatory capital reported by Bank.
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	6080.48
2	Retained Earning	7525.85
3	Accumulated other comprehensive income (and other reserves)	0

4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0
6	Common Equity Tier 1 capital before regulatory adjustments	13606.33
7	Prudential valuation adjustment	0
8	Goodwill(net of related tax liablity)	0

Table DF-13 : Main Features of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Lower Tier II	Lower Tier II	Lower Tier II	Lower Tier II
		SERIES VII	**SERIES VIII**	**SERIES IX**	**SERIES X**
1	Issuer	**PSU Bank**	**PSU Bank**	**PSU Bank**	**PSU Bank**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09074	INE565A09082	INE565A09090	INE565A09108
3	Governing law(s) of the instrument	Chennai	Chennai	Chennai	Chennai
	Regulatory treatment				
4	Transitional Basel III rules	Tier II	Tier II	Tier II	Tier II
5	Post-transitional Basel III rules	ineligible	ineligible	ineligible	ineligible
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo	Solo
7	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
8	Amount recognised in regulatory capital (₹ In Crore, as of most recent reporting date)	nil	nil	50	nil
9	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs
10	Account classification	Liability	Liability	Liability	Liability
11	Original date of issuance	08.01.2005	16.09.2005	09.01.2006	13.03.2006
12	Perpetual or dated	dated	dated	dated	dated
13	Original maturity date	08.04.2015	16.12.2015	09.04.2016	13.03.2016
14	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable	Not applicable
15	Optional call date, contingent call dates and redemption amount (₹ in Crore)	Nil, Nil, 150	Nil, Nil, 200	Nil, Nil, 250	Nil, Nil, 300
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Not available	Not available	Not available	Not available
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

30	Write-down feature	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

Table DF-13 : Main Features of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Lower Tier II	**Lower Tier II**	**Lower Tier II**	**Lower Tier II**
		SERIES XI	**SERIES XII**	**SERIES XIII**	**SERIES XIV**
1	**Issuer**	**PSU Bank**	**PSU Bank**	**PSU Bank**	**PSU Bank**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09132	INE565A09165	INE565A09181	INE565A09215
3	Governing law(s) of the instrument	Chennai	Chennai	Chennai	Chennai
	Regulatory treatment				
4	Transitional Basel III rules	Tier II	Tier II	Tier II	Tier II
5	Post-transitional Basel III rules	ineligible	ineligible	ineligible	ineligible
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo	Solo
7	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
8	Amount recognised in regulatory capital (₹ In Crore, as of most recent reporting date)	100	180	232	1000
9	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs
10	Account classification	Liability	Liability	Liability	Liability
11	Original date of issuance	26.07.2006	22.08.2008	24.08.2009	31.12.2010
12	Perpetual or dated	dated	dated	dated	dated
13	Original maturity date	26.07.2016	22.08.2018	24.08.2019	31.12.2020
14	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable	Not applicable
15	Optional call date, contingent call dates and redemption amount (₹ in Crore)	nil, nil, 500	nil, nil, 300	nil, nil, 290	nil, nil, 1000
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Not available	Not available	Not available	Not available
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A

27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down feature	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

Table DF-13 : Main Features of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Upper Tier II	**Upper Tier II**	**Upper Tier II**	**Upper Tier II**
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Issuer	**PSU Bank**	**PSU Bank**	**PSU Bank**	**PSU Bank**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09140	INE565A09173	INE565A09199	INE565A09223
3	Governing law(s) of the instrument	Chennai	Chennai	Chennai	Chennai
	Regulatory treatment				
4	Transitional Basel III rules	Tier II	Tier II	Tier II	Tier II
5	Post-transitional Basel III rules	Tier II	Tier II	Tier II	Tier II
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo	Solo
7	Instrument type	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument
8	Amount recognised in regulatory capital (₹ In Crore, as of most recent reporting date)	500	655.30	510	967
9	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs
10	Account classification	Liability	Liability	Liability	Liability
11	Original date of issuance	05.09.2006	17.09.2008	01.09.2009	10.01.2011
12	Perpetual or dated	dated	dated	dated	dated
13	Original maturity date	05.09.2021	17.09.2023	01.09.2024	10.01.2026
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount (in ₹ Crore)	“05.09.2016 Nil 500”	“17.09.2018 Nil 655.30”	01.09.2019 nil 510	10.01.2021 nil 967
16	Subsequent call dates, if applicable	No	No	No	No
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory

21	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
22	Non-cumulative or cumulative	Non -Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down feature	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI

Table DF-13 : Main Features of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Perpetual	**Perpetual**	**Perpetual**	**Perpetual**
		Basel II Compliant	**Basel II Compliant**	**Basel II Compliant**	**Basel II Compliant**
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Issuer	PSU Bank	PSU Bank	PSU Bank	PSU Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09116	INE565A09124	INE565A09157	INE565A09207
3	Governing law(s) of the instrument	Chennai	Chennai	Chennai	Chennai
	Regulatory treatment				
4	Transitional Basel III rules	Additional Tier I	Additional Tier I	Additional Tier I	Additional Tier I
5	Post-transitional Basel III rules	Additional Tier I	Additional Tier I	Additional Tier I	Additional Tier I
6	Eligible at solo/group/group @ solo	Solo	Solo	Solo	Solo
7	Instrument type	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument
8	Amount recognised in regulatory capital (₹ In Crore, as of most recent reporting date)	200	200	80	300
9	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs
10	Account classification	Liability	Liability	Liability	Liability
11	Original date of issuance	31.03.2006	18.05.2006	30.09.2006	29.09.2009

12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	Perpetual	Perpetual	Perpetual	Perpetual
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount (₹ in Crore)	Nil, Nil, 200	Nil, Nil, 200	Nil, Nil, 80	Nil, Nil, 300
16	Subsequent call dates, if applicable	No	No	No	No
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
19	Existence of a dividend stopper	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down feature	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors
36	Non-compliant transitioned features	Yes	Yes	Yes	Yes
37	If yes, specify non-compliant features	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI

Table DF-13 : Main Features of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Perpetual		
		Basel III Compliant		
		SERIES I		
1	Issuer	PSU Bank		
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09231		
3	Governing law(s) of the instrument	Chennai		
	Regulatory treatment			

4	Transitional Basel III rules	Additional Tier I		
5	Post-transitional Basel III rules	Additional Tier I		
6	Eligible at solo/group/group @ solo	Solo		
7	Instrument type	Perpetual Debt Instrument		
8	Amount recognised in regulatory capital (₹ In Crore as of most recent reporting date)	1000		
9	Par value of instrument	₹ 10.00 lakhs		
10	Account classification	Liability		
11	Original date of issuance	04.02.2015		
12	Perpetual or dated	Perpetual		
13	Original maturity date	Perpetual		
14	Issuer call subject to prior supervisory approval	Yes		
15	Optional call date, contingent call dates and redemption amount (₹ in Crore)	nil, nil, 1000		
16	Subsequent call dates, if applicable	No		
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed		
18	Coupon rate and any related index	Coupon rate		
19	Existence of a dividend stopper	No		
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary		
21	Existence of step up or other incentive to redeem	Not Available		
22	Non-cumulative or cumulative	Non-cumulative		
23	Convertible or non-convertible	Non-convertible		
24	If convertible, conversion trigger(s)	N/A		
25	If convertible, fully or partially	N/A		
26	If convertible, conversion rate	N/A		
27	If convertible, mandatory or optional conversion	N/A		
28	If convertible, specify instrument type convertible into	N/A		
29	If convertible, specify issuer of instrument it converts into	N/A		
30	Write-down feature	Available		
31	If write-down, write-down trigger(s)	Common Equity Tier1 capital ratio 5.5		
32	If write-down, full or partial	partially or fully		
33	If write-down, permanent or temporary	Both		
34	If temporary write-down, description of write-up mechanism	Bank solely at its discretion, may write up the bonds to its original value in future, when it demonstrates that its capital position is well above the minimum capital requirements and with the prior approval of RBI		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors		
36	Non-compliant transitional features	No		
37	If yes, specify non-compliant features	Not applicable		

Table DF-14 : Terms and Conditions of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Lower Tier II	Lower Tier II	Lower Tier II	Lower Tier II
		SERIES VII	**SERIES VIII**	**SERIES IX**	**SERIES X**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09074	INE565A09082	INE565A09090	INE565A09108
2	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
3	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs
4	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable	Not applicable
5	Optional call date, contingent call dates and redemption amount (₹ in Crore)	nil, nil, 150	nil, nil, 200	nil, nil, 250	nil, nil, 300
6	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
7	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
8	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
9	Existence of a dividend stopper	No	No	No	No
10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Not available	Not available	Not available	Not available
12	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No	No	No	No
16	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

		Lower Tier II	Lower Tier II	Lower Tier II	Lower Tier II
		SERIES XI	**SERIES XII**	**SERIES XIII**	**SERIES XIV**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09132	INE565A09165	INE565A09181	INE565A09215
2	Instrument type	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments	Tier II debt instruments
3	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs
4	Issuer call subject to prior supervisory approval	Not applicable	Not applicable	Not applicable	Not applicable
5	Optional call date, contingent call dates and redemption amount (₹ in Crore)	nil, nil, 500	nil, nil, 300	nil, nil, 290	nil, nil, 1000
6	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
7	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
8	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
9	Existence of a dividend stopper	No	No	No	No
10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Not available	Not abvailable	Not Available	Not available
12	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible

14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No	No	No	No
16	If yes, specify non-compliant features	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI	Redemption to be permitted by RBI

Table DF-14 : Terms and Conditions of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Upper Tier II	**Upper Tier II**	**Upper Tier II**	**Upper Tier II**
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09140	INE565A09173	INE565A09199	INE565A09223
2	Instrument type	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument	Upper Tier II capital instrument
3	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs
4	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
5	Optional call date, contingent call dates and redemption amount (in ₹ Crore)	05.09.2016 nil 500	17.09.2018 nil 655.30	01.09.2019 nil 510	10.01.2021 nil 967
6	Subsequent call dates, if applicable	No	No	No	No
7	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
8	Coupon rate and any related index	Coupon rate	Coupon rate	Coupon rate	Coupon rate
9	Existence of a dividend stopper	No	No	No	No
10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
12	Non-cumulative or cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No	No	No	No
16	If yes, specify non-compliant features	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI	Call option & redemption to be permitted by RBI

Table DF-14 : Terms and Conditions of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Perpetual	**Perpetual**	**Perpetual**	**Perpetual**
		Basel II Compliant	**Basel II Compliant**	**Basel II Compliant**	**Basel II Compliant**
		SERIES I	**SERIES II**	**SERIES III**	**SERIES IV**
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09116	INE565A09124	INE565A09157	INE565A09207
2	Instrument type	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument	Perpetual Debt Instrument
3	Par value of instrument	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs	₹ 10.00 lakhs

4	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
5	Original maturity date	Perpetual	Perpetual	Perpetual	Perpetual
6	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
7	Optional call date, contingent call dates and redemption amount (₹ in Crore)	nil, nil, 200	nil, nil, 200	nil, nil, 80	nil, nil, 300
8	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
9	Existence of a dividend stopper	No	No	No	No
10	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
11	Existence of step up or other incentive to redeem	Step-up	Step-up	Step-up	Step-up
12	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors	Superior to equity shareholders and subordinate to claims of all other creditors
15	Non-compliant transitioned features	Yes	Yes	Yes	Yes
16	If yes, specify non-compliant features	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI	Call option to be permitted by RBI

Table DF-14 : Terms and Conditions of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

		Perpetual
		Basel III Compliant
		SERIES I
1	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE565A09231
2	Instrument type	Perpetual Debt Instrument
3	Par value of instrument	₹ 10.00 lakhs
4	Perpetual or dated	Perpetual
5	Original maturity date	Perpetual
6	Issuer call subject to prior supervisory approval	Yes
7	Optional call date, contingent call dates and redemption amount (₹ in Crore)	nil,, nil, 1000
8	Fixed or floating dividend/coupon	Fixed
9	Existence of a dividend stopper	No
10	Fully discretionary, partially discretionary or mandatory	Full Discretionary
11	Existence of step up or other incentive to redeem	Not available
12	Non-cumulative or cumulative	Non-cumulative
13	Convertible or non-convertible	Non-convertible
14	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to claims of all other creditors and depositors
15	Non-compliant transitioned features	No
16	If yes, specify non-compliant features	Not applicable

INDEPENDENT AUDITORS' REPORT

To

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of Indian Overseas Bank as at 31.3.2015, which comprise the Balance Sheet as at 31.3.2015, and Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 20 branches audited by us and 1928 branches including 8 overseas branches audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from 1456 branches and 59 Regional Offices which have not been subjected to audit. These unaudited branches account for 5.35% of advances, 16.14% of deposits, 15.85% of interest income and 14.91% of interest expenses.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Banking Regulations Act 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:

   (i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31.3.2015 in conformity with accounting principles generally accepted in India;

   (ii) the Profit and Loss Account, read with the notes thereon shows a true balance of loss in conformity with accounting principles generally accepted in India, for the year covered by the account; and

   (iii) the Cash Flow Statement gives a true and fair view of the Cash Flows for the year ended on that date.

7. **Emphasis of Matter**

   a) We draw attention to Note No.8 regarding amortization of pension and gratuity liability of ₹ 1005.21 crore over a period of 5 years from 31.3.2011.

   b) We draw attention to Note No 3.5 regarding utilization of floating provision and counter cyclical provisioning buffer held as on 31.12.2014 for meeting specific provision for non performing assets during the year ended 31.3.2015 amounting to ₹ 150 crores (Previous year ₹ 324.20 crore).

   Our opinion is not qualified in respect of the above.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.

9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and subject also to the limitations of disclosure required therein, 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 purposes 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.

(c) The returns received from the offices and branches of the Bank have been found adequate for the purpose of our audit.

In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

For P.R.MEHRA & Co
Chartered Accountants
FRN 000051N

(RAMESH CHAND GOYAL)
Partner
M.No.012628

For DASS KHANNA & Co
Chartered Accountants
FRN 000402N

(RAKESH SONI)
Partner
M.No.083142

For VARDHAMAN & CO
Chartered Accountants
FRN 004522S

(ABHA JAIN)
Partner
M.No.015454

For ASA & ASSOCIATES LLP
Chartered Accountants
FRN 009571N / N500006

(J. SIVASANKARAN)
Partner
M.No.022103

For A V DEVEN & CO
Chartered Accountants
FRN 000726S

(A VASUDEVEN)
Partner
M.No.023882

Place : Chennai
Date : 08.05.2015

AUDITORS' REVIEW REPORT

To

The Board of Directors
Indian Overseas Bank
Chennai

1. We have reviewed the accompanying Statement of Unaudited Financial Results of Indian Overseas Bank ('the Bank') for the quarter ended December 31, 2015 ("the Statement"). This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. The statement incorporate the relevant returns of 20 branches reviewed by us, 2 foreign branches reviewed by other auditors specially appointed for this purpose and unreviewed returns in respect of 2881 branches. In the conduct of our Review, we have relied on the review reports in respect of non-performing assets received from concurrent auditors of 508 branches, specifically appointed for this purpose. These review reports cover 70.07 percent (of which 29.86 percent has been covered by us) of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.

VARDHAMAN & Co. FRN No. 004522S Chennai-17 Chartered Accountants

ASA & Associates LLP Chartered Accountants FRN No. 009571N/ N500006 Chennai

AV DEVEN & Co. FRN No. 000726S Chennai-83 Chartered Accountants

HARIBHAKTI & CO. LLP FRN 103523W CHENNAI Chartered Accountants

TALATI & TALATI FRN 110758W CHARTERED ACCOUNTANTS

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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies have not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

5. Emphasis of Matter

   Without qualifying our conclusion, we draw attention to Note no 3 of the Statement, the Bank has complied with the Reserve Bank of India advice on additional provision on certain advance accounts.

For **VARDHAMAN & Co**
Chartered Accountants
FRN 004522S

(CA. ABHA JAIN)
Partner
M.No.015454

For **ASA & ASSOCIATES LLP**
Chartered Accountants
FRN 009571N / N500006

(CA. S. SUNDAR RAJAN)
Partner
M.No.211414

For **A V DEVEN & Co**
Chartered Accountants
FRN 000726S

(CA. R. MURALIDHARAN)
Partner
M.No.023283

For **HARIBHAKTI & Co LLP**
Chartered Accountants
FRN 103523W

(CA. CHETAN DESAI)
Partner
M.No.017000

For **TALATI & TALATI**
Chartered Accountants
FRN 110758W

(CA. UMESH H. TALATI)
Partner
M.No.034834

Place : Chennai
Date : 10.02.2016

INDIAN OVERSEAS BANK

CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600 002

PART - I STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2015

Rs. in lacs

SL. NO.	Particulars	Quarter ended			9 Months ended		Year ended
		31.12.2015 (Unaudited)	30.09.2015 (Unaudited)	31.12.2014 (Unaudited)	31.12.2015 (Unaudited)	31.12.2014 (Unaudited)	31.03.2015 (Audited)
1	Interest Earned (a) + (b) +(c)+ (d)	5,91,260	5,99,573	6,05,923	18,04,560	18,02,858	23,93,833
	(a) Interest/discount on advances/bills	4,19,751	4,28,388	4,53,335	12,86,805	13,60,204	17,94,558
	(b) Income on Investments	1,62,901	1,61,926	1,39,806	4,88,924	4,01,314	5,46,974
	(c) Interest on Balances with Reserve Bank of India and other Inter Bank Funds	8,608	9,259	12,782	28,831	35,623	46,584
	(d) Others	0	0	0	0	5,717	5,717
2	Other Income	53,318	77,421	58,822	1,84,223	1,34,433	2,13,860
3	**TOTAL INCOME (1+2)**	**6,44,578**	**6,76,994**	**6,64,745**	**19,88,783**	**19,37,291**	**26,07,693**
4	Interest Expended	4,56,483	4,59,767	4,70,237	13,97,076	13,90,038	18,55,438
5	Operating Expenses (i) + ii)	1,25,625	1,18,210	1,21,876	3,74,589	3,33,036	4,20,021
	(I) Employees Cost	89,152	76,913	85,120	2,60,805	2,24,681	2,64,954
	ii) Other Operating expenses	36,473	41,297	36,756	1,13,784	1,08,355	1,55,067
6	**TOTAL EXPENDITURE (4+5) (excluding Provisions & Contingencies)**	**5,82,108**	**5,77,977**	**5,92,113**	**17,71,665**	**17,23,074**	**22,75,459**
7	**OPERATING PROFIT before Provisions & Contingencies(3-6)**	**62,470**	**99,017**	**72,632**	**2,17,118**	**2,14,217**	**3,32,234**
8	Provisions (other than tax) and Contingencies	1,89,606	1,55,776	1,18,304	3,94,739	2,37,469	3,36,091
9	Exceptional Items (Refer Note No.5)	0	-17,000	0	0	0	-15,000
10	Profit (+)/Loss(-) from Ordinary Activities before tax(7-8-9)	-1,27,136	-39,759	-45,672	-1,77,621	-23,252	11,143
11	Tax expenses	15,370	15,324	5,931	18,492	25,730	56,576
12	Net Profit (+) / Loss(-) from Ordinary Activities after tax (10-11)	-1,42,506	-55,083	-51,603	-1,96,113	-48,982	-45,433
13	Extraordinary items (net of tax expense)	0	0	0	0	0	0
14	**Net Profit (+) / Loss (-) for the period (12-13)**	**-1,42,506**	**-55,083**	**-51,603**	**-1,96,113**	**-48,982**	**-45,433**
15	Paid up equity share capital (Face value of each share - Rs.10/-)	1,72,097	1,23,535	1,23,535	1,72,097	1,23,535	1,23,535
16	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	13,15,346	13,15,346	13,28,910	13,15,346	13,28,910	13,15,346
17	Analytical Ratios						
	(i) Percentage of shares held by Govt. of India	81.19	73.80	73.80	81.19	73.80	73.80
	(ii) Capital Adequacy Ratio (%)	9.73	9.09	10.15	9.73	10.15	10.11
	(iii) Earning Per Share (EPS) - in Rupees						
	a) Basic and diluted EPS before Extraordinary items (Net of tax expense) for the period, for the year to date and for the previous year (not annualized)	-8.67	-4.46	-4.18	-14.30	-3.95	-3.68
	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualized)	-8.67	-4.46	-4.18	-14.30	-3.95	-3.68
	(iv) NPA Ratios						
	a) Gross NPA	22,67,240	19,42,375	14,50,051	22,67,240	14,50,051	14,92,245
	b) Net NPA	14,17,375	12,53,923	9,51,115	14,17,375	9,51,115	9,81,333
	c) % of Gross NPA	12.64	11.00	8.12	12.64	8.12	8.33
	d) % of Net NPA	8.32	7.41	5.52	8.32	5.52	5.68
	e) Return on assets (Annualised) (%)	-1.89	-0.74	-0.72	-0.87	-0.23	- 0.16

PLACE: CHENNAI
DATE : 10TH FEBRUARY 2016

(PAWAN KUMAR BAJAJ)
EXECUTIVE DIRECTOR

(ATUL AGARWAL)
EXECUTIVE DIRECTOR

(R KOTEESWARAN)
MANAGING DIRECTOR & CEO

इण्डियन ओवरसीज़ बैंक निवेशक संबंध कक्ष, के.का. Investor Relation Cell, C.O. Indian Overseas Bank

VARDHAMAN & Co. FRN No. 004522S Chennai-17 Chartered Accountants

ASA & Associates LLP Chartered Accountants FRN No 009571N/N500006 Chennai

AV DEVEN & Co. FRN No. 000726S Chennai-83 Chartered Accountants

HARIBHAKTI & CO. LLP FRN 103523W CHENNAI Chartered Accountants

TALATI & TALATI FRN 110758W CHART

INDIAN OVERSEAS BANK

CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600 002

PART - I STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2015

NOTES:

1 The above financial results are drawn in accordance with the accounting policies consistently followed by the Bank.

2 The working results for the Quarter/nine months ended 31/12/2015 have been arrived at after considering provision for NPAs, Standard Assets, Unhedged Forex Exposures, Restructured Advances,Depreciation on Investments & Non - Performing investments, as per RBI guidelines. Provision for taxes, Depreciation on Fixed Assets and other usual and necessary provisions have been estimated and apportioned on proportionate basis and are subject to adjustment, if any, at the year end.

3 In compliance with RBI letter Ref No. DBS.CO.PPD/AQR/6371/11.01.021/2015-16 dated 02nd December 2015, relating to Asset Quality Review (AQR) conducted by RBI, the Bank has made an additional provision on certain advance accounts as advised by RBI and balance provision including unrealized interest, if any, shall be provided during the quarter ending 31st March, 2016.

4 In accordance with RBI circular DBOD.No.BP.BC.2/21.06.201/2015-16 dated 1st July, 2015 on "Basel III Capital Regulations", banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under Basel III Framework. The disclosures are being made available on our website at the following link http://www.iob.in/investor_cell.aspx. The disclosures have not been subjected to limited review.

5 As per RBI cirucular No.DBOD.BP.BC.79/21.04.048/2014-15 dated 30th March 2015 and also in pursuance to Bank's Board approved policy, the bank has utilised a sum of Rs. 17000 lacs from Floating Provisions / Counter Cyclical Provisioning Buffer towards specific provision for non performing assets during the quarter ended 30th September 2015

6 The above financial results have been reveiwed by the Audit Committee of the Board and approved by the Board of Directors at their meeting held on 10th February, 2016. These financial results have been subjected to limited review by the Statutory Central Auditors of the Bank.

7 The Bank has alloted 48,56,17,597 equity shares of Rs.10/- each at a premium of Rs.31.37 per share on preferential basis to Government of India on 16th October 2015 after obtaining requisite approvals.

8 The Provision Coverage Ratio of the Bank as on 31.12.2015 stood at 50.36%.

9 Previous period/year figures have been regrouped /reclassified/rearranged wherever necessary to make these comparable.

PLACE : CHENNAI	**(PAWAN KUMAR BAJAJ)**	**(ATUL AGARWAL)**	**(R. KOTEESWARAN)**
DATE : 10TH FEBRUARY 2016	**EXECUTIVE DIRECTOR**	**EXECUTIVE DIRECTOR**	**MANAGING DIRECTOR & CEO**

इण्डियन ओवरसीज़ बैंक निवेशक संबंध कक्ष Indian Overseas Bank Investor Relation Cell, C.O.

VARDHAMAN & Co. FRN No. 004522S Chennai-17 Chartered Accountants

ASA & ASSOCIATES LLP Chartered Accountants FRN No. 009571N/N500006 Chennai

P.V. DEVEN & Co. FRN No. 000726S Chennai-83 Chartered Accountants

HARIBHAKTI & CO. LLP FRN 103523W CHENNAI Chartered Accountants

TALATI & TALATI FRN 110758W CHARTERED ACCOUNTANTS

INDIAN OVERSEAS BANK

CENTRAL OFFICE, 763, ANNA SALAI, CHENNAI 600002

SEGMENT REPORTING FOR THE QUARTER ENDED 31ST DECEMBER 2015

Rs. in lacs

Particulars	Quarter ended			9 Months ended		Year ended
	31.12.2015 (Reviewed)	30.09.2015 (Reviewed)	31.12.2014 (Reviewed)	31.12.2015 (Reviewed)	31.12.2014 (Reviewed)	31.03.2015 (Audited)
1) Segment Revenue						
a) Treasury Operations	172,811	186,812	1 64 846	5 44 304	4 39 358	6 26 073
b) Corporate / Wholesale Banking	268,450	282,751	2 97 374	8 46 046	8 87 176	11 75 380
c) Retail Banking	193,651	201,410	1 93 778	5 76 410	5 85 166	7 73 770
d) Other Banking Operations	9,650	5,989	8 727	21 919	19 790	26 637
e) Unallocated	16	32	20	104	5 801	5 833
Total	**6 44 578**	**6 76 994**	**6 64 745**	**19 88 783**	**19 37 291**	**26 07 693**
Less: Inter segment Revenue	0	0	0	0	0	0
Income from Operations	**6 44 578**	**6 76 994**	**6 64 745**	**19 88 783**	**19 37 291**	**26 07 693**
2) Segment Results: Profit (+) / Loss (-)						
a) Treasury Operations	7 836	16,971	11 157	28 167	5 969	43 457
b) Corporate / Wholesale Banking	(11,071)	19 910	17 482	30 098	60 594	97 645
c) Retail Banking	57,068	57 212	35 962	1 39 788	1 24 012	1 63 342
d) Other Banking Operations	8,629	4 896	8 026	18 976	17 883	23 792
e) Unallocated	8	28	5	89	5 759	3 998
Operating Profit	**62 470**	**99 017**	**72 632**	**2 17 118**	**2 14 217**	**3 32 234**
3) Capital Employed :						
Segment Assets - Segment Liabilities						
a) Treasury Operations	8 87 167	8 78 995	5 27 849	8 87 167	5 27 849	5 19 071
b) Corporate / Wholesale Banking	3 67 564	4 59 524	6 94 148	3 67 564	6 94 148	6 23 822
c) Retail Banking	1 54 398	2 11 191	2 11 955	1 54 398	2 11 955	3 21 279
d) Other Banking Operations	30 730	31 560	50 384	30 730	50 384	9 330
e) Unallocated	1 21 150	(85,943)	75 834	1 21 150	75 834	90 600
Total	**15 61 009**	**14 95 327**	**15 60 170**	**15 61 009**	**15 60 170**	**15 64 102**

Notes on Segment Reporting

1. Segment expenses and liabilities have been apportioned on the basis of average segment assets, wherever direct allocation is not possible.

2.Figures of the previous year's/nine months/quarters have been regrouped / reclassified / rearranged whereever considered necessary to correspond with the current nine months /quarters classification / presentation

PLACE : CHENNAI
DATE : 10TH FEBRUARY 2016

(PAWAN KUMAR BAJAJ)
EXECUTIVE DIRECTOR

(ATUL AGARWAL)
EXECUTIVE DIRECTOR

(R. KOTEESWARAN)
MANAGING DIRECTOR & CEO

इण्डियन ओवरसीज़ बैंक Indian Overseas Bank केन्द्रीय कार्यालय चेन्नै Central Office Chennai Balance Sheet Management तुलन पत्र प्रबंधन विभाग

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TALATI & TALATI FRN 110758W CHARTERED ACCOUNTANTS

DECLARATION

The Bank certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI Regulations and that all approvals and permissions required to carry on the Bank's business have been obtained, are currently valid and have been complied with. The Bank further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Shri R Koteeswaran
Managing Director & Chief Executive Officer

I am authorized by the Board of Directors of the Bank, vide dated December 12, 2015 to sign this form and declare that all the requirements of applicable laws regulations and rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by our Bank.

Date: May 17, 2016
Place: Chennai

INDIAN OVERSEAS BANK

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