INDEPENDENT AUDITORS' REPORT

To
The Chief Executive Officer
Abu Dhabi Commercial Bank PJSC- India Branches

Report on the Financial Statements

1. We have audited the accompanying financial statements of Abu Dhabi Commercial Bank PJSC-India Branches (the "Bank"), which comprise the Balance Sheet as at March 31, 2018, and the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Bank's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and provisions of Section 29 of the Banking Regulation Act,1949 and circulars, guidelines and directions issued by the Reserve Bank of India (the "RBI") from time to time as applicable to banks. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder, including the accounting standards, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI as applicable to banks and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 the Bank's Management, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements together with the notes thereon give the information required by provisions of Section 29 of the Banking Regulation Act,1949 as well as the Act and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at March 31, 2018 and its profit and its cash flow for the year then ended.

Other Matter

9. The financial statements of the Bank as at March 31, 2017 and for the year then ended were audited by another firm of Chartered accountants who, vide their report dated June 28, 2017, expressed an unmodified opinion on those financial statements.

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with applicable provisions of Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
11. As required by Section 30 of the Banking Regulation Act,1949 we report that:
    a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
    b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank; and
    c) During the course of our audit we have visited all branches to examine the books of accounts and other records maintained at the branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally at Mumbai branch as all the necessary records and data required for the purposes of our audit are available therein.
12. Further, as required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
    c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent they are not inconsistent with the accounting policies prescribed by the RBI.
    e) The requirements of Section 164(2) of the Act are not applicable to the bank considering it is a branch of Abu Dhabi Commercial Bank PJSC- India Branches incorporated in United Arab Emirates with Limited liability.
    f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
    g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    i. The Bank has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its financial statements – Refer Schedule 12 to the financial statements.
    ii. The Bank has made provision as at March 31, 2018 as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2018 and
    iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank - Refer Schedule 18- Note No. 49 to the financial statements.

For **MSKA & Associates** (Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Swapnil Kale
Partner
Membership No. 117812

Mumbai
June 6, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ABU DHABI COMMERCIAL BANK PJSC, INDIA BRANCHES FOR THE YEAR ENDED MARCH 31, 2018

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

1. We have audited the internal financial controls with reference to financial statements of Abu Dhabi Commercial Bank PJSC, India Branches (the "Bank") as of March 31, 2018 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI") (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates** (Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Swapnil Kale
Partner
Membership No. 117812

Mumbai
June 6, 2018

Abu Dhabi Commercial Bank PJSC – India Branches

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

BALANCE SHEET AS ON MARCH 31, 2018

(Rs '000s)

	Schedules	As on March 31, 2018	As on March 31, 2017
CAPITAL AND LIABILITIES			
Capital	1	**2,170,187**	2,170,187
Reserves and Surplus	2	**1,839,103**	1,675,111
Deposits	3	**23,216,277**	28,374,194
Borrowings	4	**6,146,573**	1,657,000
Other Liabilities and Provisions	5	**806,529**	874,951
TOTAL		**34,178,669**	34,751,443
ASSETS			
Cash and Balances with Reserve Bank of India	6	**1,083,434**	1,156,934
Balances with Banks and Money at Call and Short Notice	7	**1,755,900**	2,788,009
Investments	8	**9,989,780**	6,849,410
Advances	9	**20,304,009**	23,108,138
Fixed Assets	10	**102,425**	93,636
Other Assets	11	**943,121**	755,316
TOTAL		**34,178,669**	34,751,443
Contingent Liabilities	12	**16,863,528**	11,727,818
Bills for Collection		**812,932**	1,662,107
Significant Accounting policies	17		
Notes to accounts	18		

The accompanying schedules are an integral part of the Balance Sheet

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

(Rs '000s)

	Schedules	Year ended March 31, 2018	Year ended March 31, 2017
I. INCOME			
Interest Earned	13	**1,811,469**	1,982,442
Other Income	14	**195,746**	265,444
TOTAL		**2,007,215**	2,247,886
II. EXPENDITURE			
Interest Expended	15	**1,256,113**	1,533,790
Operating Expenses	16	**437,725**	402,636
Provisions and Contingencies	18 (15)	**149,385**	153,005
TOTAL		**1,843,223**	2,089,431
III. PROFIT/(LOSS)			
Net Profit for the year		**163,992**	158,455
Profit /(Loss) brought forward		–	–
TOTAL		**163,992**	158,455
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		**40,999**	39,614
Transfer to Remittable Surplus retained in India for Capital to Risk-weighted Assets Ratio (CRAR) requirement		**122,993**	118,841
Balance carried over to Balance Sheet		–	–
TOTAL		**163,992**	158,455
Significant Accounting policies	17		
Notes to accounts	18		

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

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Reg. No: 105047W

ABU DHABI COMMERCIAL BANK PJSC - INDIA BRANCHES

Sd/-
Swapnil Kale
Partner
Membership No: 117812

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

Sd/-
R. Balasubramaniam
Head Finance - India

Mumbai
June 06, 2018

Abu Dhabi Commercial Bank PJSC – India Branches

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

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Rs. '000s)

		Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities			
Net Profit/(Loss) before tax		**278,801**	304,928
Adjustment for :			
Foreign Exchange (Gain) / Loss		**(6,039)**	14,930
Long term Retention Cost		**1,344**	8,782
Depreciation charge for the year		**19,352**	15,955
Depreciation on investments		**29,272**	–
Provision for Advances		**13,521**	–
Other Provisions		**(8,217)**	11,502
Profit on sale of fixed assets		**(28)**	(80)
Loss on sale of fixed assets		**6**	48
Interest on HTM investment securities		**(215,380)**	(204,757)
		112,632	151,308
Adjustments for :			
(Increase)/Decrease in Term Placements		–	500,000
(Increase)/Decrease in Investments (excluding HTM securities)		**(3,149,544)**	(2,469,516)
(Increase)/Decrease in Advances		**2,790,608**	(3,143,388)
Increase/(Decrease) in Deposits		**(5,157,917)**	7,538,104
(Increase)/Decrease in Other Assets		**(132,643)**	51,109
Increase/(Decrease) in Other liabilities and provisions		**(55,508)**	(246,105)
		(5,705,004)	2,230,204
Income Tax (paid)/refund received (Net)		**(101,003)**	(137,867)
Net cash generated from / (used in) operating activities	**A**	**(5,693,375)**	2,243,645
Cash Flows from investing activities			
Interest received on HTM investment securities		**146,411**	124,468
(Increase)/Decrease in Investments (HTM securities)		**(20,097)**	(1,293,767)
Purchase of fixed assets		**(28,155)**	(19,732)
Proceeds from sale of fixed assets		**34**	86
Net cash generated from / (used in) investing activities	**B**	**98,193**	(1,188,945)
Cash Flows from financing activities			
Infusion of Funds from Head Office		–	–
Increase/(Decrease) in Borrowings		**1,437,176**	(992,096)
Net cash flows generated from financing activities	**C**	**1,437,176**	(992,096)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(4,158,006)**	62,604
Cash and Cash Equivalents at the beginning of the year		**2,617,943**	2,555,339
Cash and Cash Equivalents at the end of the year *		**(1,540,063)**	2,617,943
(Note: Cash and Cash Equivalents represents Cash and Balance with		**(1,540,063)**	2,617,943
Reserve Bank of India and Balances with Banks and Money at Call and Short notice)		–	–

* Cash and Cash equivalent includes CRR balance maintained with the RBI of Rs. 1,078,612 thousands (Previous year Rs. 1,150,932 thousands)

Reconciliation of Cash and Cash Equivalents with Balance sheet		
Schedule 6 - Cash and Balances with Reserve Bank of India	**1,083,434**	1,156,934
Schedule 7 - Balances with Banks and Money at Call and Short Notice	**1,755,900**	2,788,009
Less : Lending original maturity more than 90 days	–	–
Less : Borrowing original maturity less than 90 days	**(4,379,397)**	(1,327,000)
Cash & Cash Equivalents as per Cashflow statement	**(1,540,063)**	2,617,943

The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Reg. No: 105047W
Sd/-
Swapnil Kale
Partner
Membership No: 117812

Mumbai
June 06, 2018

ABU DHABI COMMERCIAL BANK PJSC – INDIA BRANCHES

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

Sd/-
R. Balasubramaniam
Head Finance - India

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2018

(Rs '000s)

	As on March 31, 2018	As on March 31, 2017
SCHEDULE 1 - CAPITAL		
I. Capital		
i) Opening Balance	**2,170,187**	2,170,187
ii) Capital Infusion during the year	**–**	–
	2,170,187	2,170,187
TOTAL	**2,170,187**	2,170,187
II. Amount (Face Value) of Deposit kept in the form of securities with the Reserve Bank of India u/s 11 (2) (b) of the Banking Regulation Act, 1949	**600,000**	600,000
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
i) Opening Balance	**529,037**	489,423
ii) Additions during the year*	**40,999**	39,614
	570,036	529,037
* Appropriation @ 25% of current year profits pursuant to the requirements of Section 17 of the Banking regulation Act, 1949 and RBI guidelines dated September 23, 2000		
II. Capital Reserves		
i) Opening Balance	**14,711**	14,711
ii) Additions during the year	**–**	–
	14,711	14,711
III. Investment Reserve Account		
i) Opening Balance	**1,589**	1,589
ii) Additions during the year	**–**	–
	1,589	1,589
IV. Remittable Surplus retained in India for Capital to Risk-weighted Assets Ratio (CRAR) requirement		
i) Opening Balance	**998,215**	879,374
ii) Additions during the year	**122,993**	118,841
	1,121,208	998,215
V. Revenue and Other Reserves		
i) Opening Balance	**131,559**	131,559
ii) Additions during the year	**–**	–
	131,559	131,559
VI. Balance in Profit and Loss Account	**–**	–
TOTAL (I to VI)	**1,839,103**	1,675,111
SCHEDULE 3 - DEPOSITS		
A) I. Demand Deposits		
i) From banks	**205,365**	143,154
ii) From others	**2,005,208**	3,070,380
	2,210,573	3,213,534
II. Savings Bank Deposits	**679,327**	732,803
III. Term Deposits		
i) From banks	**2,685,211**	500,000
ii) From others	**17,641,166**	23,927,857
	20,326,377	24,427,857
TOTAL (I to III)	**23,216,277**	28,374,194
B) I. Deposits of branches in India	**23,216,277**	28,374,194
II. Deposits of branches outside India	**–**	–
TOTAL (I to II)	**23,216,277**	28,374,194

(Rs '000s)

	As on March 31, 2018	As on March 31, 2017
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	**–**	–
ii) Other banks	**2,389,848**	360,000
iii) Other institutions and agencies	**–**	–
II. Borrowings outside India	**3,756,725**	1,297,000
TOTAL (I & II)	**6,146,573**	1,657,000
Secured Borrowings included in I & II above	**–**	–
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**78,429**	82,615
II. Inter-Office adjustments (Net)	**–**	–
III. Interest accrued	**377,610**	321,577
IV. Deferred Tax Liability (Net)	**–**	–
V. Others [includes provision towards standard assets and Unhedged Foreign Currency Exposure Rs. 89,175 thousand (previous year Rs. 99,600 thousand)]	**350,490**	470,759
TOTAL (I to V)	**806,529**	874,951
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**4,796**	6,301
II. Balances with Reserve Bank of India		
i) In Current Account	**1,078,638**	1,150,633
ii) In Other Accounts	**–**	–
TOTAL (I & II)	**1,083,434**	1,156,934
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In Current Accounts	**12,887**	16,027
b) In Other Deposit Accounts	**–**	–
ii) Money at call and short notice		
a) With banks	**600,000**	950,000
b) With other institutions	**–**	–
TOTAL	**612,887**	966,027
II. Outside India		
i) In Current Accounts	**165,388**	103,457
ii) In Other Deposit Accounts	**–**	–
iii) Money at call and short notice	**977,625**	1,718,525
TOTAL	**1,143,013**	1,821,982
TOTAL (I & II)	**1,755,900**	2,788,009

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2018

(Rs '000s)

	As on March 31, 2018	As on March 31, 2017
SCHEDULE 8 - INVESTMENTS		
I. Investments in India (Book Value)	**10,019,052**	6,849,410
Less: Provision for Depreciation	**(29,272)**	–
Net Investments in India	**9,989,780**	6,849,410
Break-up: -		
i) Government securities	**6,975,205**	6,849,410
ii) Other approved securities	–	–
iii) Shares (net off provisions)	–	–
iv) Debentures and Bonds	**3,014,575**	–
v) Subsidaries and/or Joint Ventures	–	–
vi) Others	–	–
TOTAL	**9,989,780**	6,849,410
II. Investments outside India	–	–
TOTAL (I +II)	**9,989,780**	6,849,410
(Refer Note 18 to 24 of Schedule 18)		
SCHEDULE 9 - ADVANCES		
A) i) Bills purchased and discounted ##	**2,939,951**	4,066,182
ii) Cash credits, overdrafts and loans repayable on demand	**6,300,518**	9,806,442
iii) Term loans	**11,063,540**	9,235,514
TOTAL	**20,304,009**	23,108,138
B) i) Secured by tangible assets*	**10,177,804**	13,155,515
ii) Covered by Bank/ Government Guarantees**	**3,432,449**	2,202,699
iii) Unsecured ##	**6,693,756**	7,749,924
TOTAL	**20,304,009**	23,108,138
C) I. Advances in India		
i) Priority Sectors	**4,913,444**	4,667,453
ii) Public Sector	–	–
iii) Banks	**2,000,000**	3,808,067
iv) Others	**13,390,565**	14,632,618
TOTAL	**20,304,009**	23,108,138
II. Advances outside India	–	–
TOTAL	**20,304,009**	23,108,138

Includes Bills Rediscounting of Rs. 2,000,000 thousand (Previous Year Rs. 3,808,066 thousand)

* Includes advances against Book debts

** Includes advances against Letter of Credit and Standby Letter of Credit issued by Banks

(Rs '000s)

	As on March 31, 2018	As on March 31, 2017
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
i) Balance, beginning of the year	**56,576**	56,576
ii) Additions during the year	–	–
iii) Deductions during the year	–	–
iv) Depreciation to date	**(17,609)**	(16,686)
TOTAL	**38,967**	39,890
II. Other Fixed Assets (including furniture and fixtures)		
i) Balance, beginning of the year	**127,825**	114,283
ii) Additions during the year	**32,239**	14,454
iii) Deductions during the year	**(2,650)**	(911)
iv) Depreciation to date	**(108,109)**	(92,316)
TOTAL	**49,305**	35,509
III. Capital Work in Progress	**14,153**	18,237
GRAND TOTAL (I to III)	**102,425**	93,636
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments(net)	–	–
II. Interest accrued	**250,149**	90,805
III. Tax paid in advance/tax deducted at source (net of provisions)	**113,395**	126,208
IV. Stationery and stamps	–	–
V. Deferred Tax Asset (Net) (Refer note 39 of Schedule 18)	**125,359**	126,352
VI. Non-banking assets acquired in satisfaction of claims	–	–
VII. Others	**454,218**	411,951
TOTAL (I to VII)	**943,121**	755,316
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	**81,477**	81,477
II. Liability for partly paid investments		
III. Liability on account of outstanding forward exchange contracts and derivatives (including Spot Contracts)	**9,294,117**	7,821,520
IV. Guarantees given on behalf of constituents:		
a) In India	**538,186**	995,974
b) Outside India	**6,568,930**	2,507,660
V. Acceptances, endorsements and other obligations	**366,788**	307,659
VI. Other items for which the Bank is contingently liable:		
1. Income tax / Interest tax disputed and in appeal not provided for is estimated at	–	–
2. Transfer to Depositor Education and Awareness Fund (DEAF)	**14,030**	13,528
TOTAL (I to VI)	**16,863,528**	11,727,818

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

(Rs '000s)

	Year ended March 31, 2018	Year ended March 31, 2017
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	**1,180,722**	1,226,587
II. Income on investments	**527,323**	438,119
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**103,424**	308,387
IV. Others	**–**	9,349
TOTAL (I to IV)	**1,811,469**	1,982,442
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	**50,412**	44,609
II. Profit/(Loss) on sale/ redemption of investments (net)	**37,356**	83,107
III. Profit/(Loss) on revaluation of investments (net)	**–**	–
IV. Profit/(Loss) on sale of land, building and other assets (net)	**21**	31
V. Net profit on exchange / derivatives transactions	**107,957**	137,696
VI. Miscellaneous income	**–**	1
TOTAL (I to VI)	**195,746**	265,444

(Rs '000s)

	Year ended March 31, 2018	Year ended March 31, 2017
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	**1,138,461**	1,274,764
II. Interest on Reserve Bank of India and Inter-bank borrowings	**93,847**	37,966
III. Others (Includes amortization of premium on swaps undertaken to hedge the FCNR(B) deposits)	**23,805**	221,060
TOTAL (I to III)	**1,256,113**	1,533,790
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	**239,887**	226,456
II. Rent, taxes and lighting	**24,809**	33,035
III. Printing and stationery	**1,783**	1,927
IV. Advertisement and publicity	**1,772**	2,094
V. Depreciation on bank's property	**19,352**	15,955
VI. Auditors' fees and expenses	**1,283**	1,125
VII. Law charges	**4,963**	4,204
VIII. Postages, telegrams, telephones, etc.	**5,818**	6,408
IX. Repairs and maintenance	**34,318**	35,415
X. Insurance	**24,126**	27,435
XI. Corporate Social Responsibility	**5,549**	4,532
XII Other expenditure (includes Technical and Consultancy Services Rs. 19,629 thousand previous year Rs. 25,934 thousand)	**74,065**	44,050
TOTAL (I to XII)	**437,725**	402,636

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2018

I. BACKGROUND

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

II. ACCOUNTING POLICIES

1. Basis Of Preparation

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

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

2. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as at the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Transactions Involving Foreign Exchange and Derivatives

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

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

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

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

4. Investments

4.1 Classification

Classification and valuation of the Bank's investments is carried out in accordance with RBI Master Circular DBR No BP.BC.6/ 21.04.141/ 2015-16 dated July 1, 2015 and amendments thereto.

The Bank classifies its investments based on intent at the time of acquisition into the following categories:

i. Held to Maturity ('HTM")
ii. Available for Sale ("AFS")
iii. Held for Trading ("HFT")

However, for disclosure in the Balance Sheet, these are classified as Government securities, Other approved securities, Shares, Debentures and bonds, Investment in subsidiaries / joint ventures and other investments. These are valued in accordance with the extant RBI guidelines.

4.2 Valuation

4.2.1 Held to Maturity

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

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

4.2.2 Available for Sale and Held for Trading

Investments under these categories including equity shares and except for Treasury Bills are marked to market. Net appreciation, if any, except to the extent of depreciation already provided, under each of the six classifications in which investments are presented in the Balance Sheet, is ignored and net depreciation is provided for in the Statement of Profit and Loss category wise. In addition, further provision for depreciation is provided based on management's estimate of potential depreciation if required. Treasury Bills, being discounted instruments, are valued at carrying cost. Carrying cost includes the discount accreted for the holding period on a constant yield to maturity basis.

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

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

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

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

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

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

4.6 Repo and reverse repo transactions

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

4.7 Short sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold-HFT A/c', specifically created for this purpose. Such short positions are categorised under HFT category. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

4.8 The Bank follows settlement date method of accounting for its investments. Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss account.

5. Advances

5.1 Classification and provisioning of advances of the Bank is carried out in accordance with RBI Master Circular - DBR.No.BP.BC. 2/21.04.048/ 2015-16 dated July 1, 2015 and amendments thereto.

5.1 Advances are classified as performing and non-performing as per the prudential norms on asset classification laid down by the RBI and are stated net of specific provisions.

5.2 Advances portfolio are periodically assessed for non-performance by the Management and specific provision for 'Non Performing Advances' ("NPAs") are made on the basis of provisioning requirement under the prudential accounting norms as laid down by the RBI for asset classification, income recognition, and provisioning after considering subsequent recoveries.

5.3 The Bank maintains general provisions on "Standard Assets" including credit exposures computed as per the current marked to market values of foreign exchange derivative contracts at rates specified by RBI from time to time. Provisions for standard advances are included in Schedule 5 'Other Liabilities and Provisions'. This general provision also covers the provisioning requirement towards Un-hedged foreign currency exposures introduced vide RBI's Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 effective 1st April 2014.

5.4 The Bank maintains country risk provisions for individual country exposures (other than for home country exposures). Countries are categorized into risk categories as per Export Credit Guarantee Corporation of India Ltd. ("ECGC") guidelines and provisioning is done in respect of that country where the net funded exposure is in excess of 1% of the Bank's total assets. Provisions for country risk is included in Schedule 5 'Other Liabilities and Provisions'.

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

5.6 In addition to the above, the Bank on a prudential basis makes provision on specific advances or exposures which are not NPAs but based on any specific available information believes of a possible slippage of a specific advance or group of advances or exposures or potential exposures.

5.7 In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

6. Fixed Assets

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

6.2 Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment is recognized by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of assets.

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

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

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

7. Impairment of Assets

The Bank performs annual impairment review to ascertain indications of impairment of any of its assets. An asset is considered to be impaired if its carrying amount exceeds its recoverable amount and the resultant impairment loss, if any, is recognized in the Profit and Loss Account. The recoverable amount is higher of the assets net selling price or value in use. Measurement of 'value in use' involves estimation of the net discounted future cash flows to be generated by the use of the asset or its disposal.

8. Lease Transactions

Lease of assets under which the lessor effectively retains substantially all the risks and benefits of the ownership are classified as operating lease. Payments made under operating lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

9. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

9.1. Revenue is recognized in accordance with the requirements of AS-9 'Revenue Recognition' Interest Income is recognized in the Profit and Loss account on accrual basis except in case of interest on non-performing assets, where income is recognized on actual realization in accordance with RBI master circular DBR No.BP.BC.2/21.04.048/2015-16 dated 1 July 2015 on Income recognition, asset classification and provisioning pertaining to advances. Income from services that are subject to Goods and Service Tax (GST) are accounted net of GST.

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

10. Employee Benefits

10.1 Provident Fund

The Bank contributes to recognised provident fund, which is a defined contribution scheme. The Bank has no further obligation beyond making the contributions. Contributions to provident fund are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contributions.

10.2 Gratuity

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

Actuarial gains / losses are recognized in the Profit & Loss Account, in the year in which they arise.

10.3 Compensated Absences

The employees of the Bank are entitled to carry forward a part of their unavailed / unutilized leave subject to a maximum limit. The employees cannot encash / unavailed / unutlized leave except in the year of resignation or retirement. The Bank has computed the compensated absence provision as per revised AS 15 – Employees Benefits.

The Bank provides compensated absence benefits, which is defined benefit scheme based on actuarial valuation done by an independent actuary as at the balance sheet date. The actuarial valuation is carried our as per the projected unit credit method.

Actuarial gains / losses are recognized in the Profit & Loss Account, in the year in which they arise.

10.4 Employee share-based payment

Eligible employees of the Bank have been granted options/awards of equity shares of the parent company Abu Dhabi Commercial Bank PJSC, Abu Dhabi. As per the scheme, these options / awards vest over a period of four years. During the year, the bank has included these cost under "Payment to and provision for employees" as compensation cost.

11. Cash and Cash equivalents

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

12. Provision For Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed thereunder) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Provision for current income-tax is recognized in accordance with the provisions of Income-Tax Act, 1961 and after due consideration of relevant judicial decisions and statutory provisions.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at the balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

Minimum Alternate Tax (MAT)

The Company recognizes MAT credit available as an asset only to the extent that the Company, based on convincing evidence, will be able to recoup / set off MAT credit against income tax liability during the specified period i.e. the period for which MAT credit set off is allowed.

The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will be able to set off MAT credit against the income tax liability during the specified period.

13. Provisions, Contingent Assets And Contingent Liabilities

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

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

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

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

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

Contingent liability reported in Schedule 12 of Balance Sheet under "Claims against the bank not acknowledged as debts" is net of provision amount held against the claim.

14. Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 purchases PSLC by trading through the CBS portal (e-Kuber) of RBI. There is no transfer of risks on loan assets in these transactions. The fee paid for purchase of PSLC is treated as an 'Expense' for the year.

SCHEDULE 18 - NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. '000s)

1 Business Ratios:	2017-18	2016-17
i. Interest income as a percentage to working funds$	6.61%	6.76%
ii. Non – interest income as a percentage to working funds	0.71%	0.91%
iii. Operating profit as a percentage to working funds	1.14%	1.06%
iv. Return on assets	0.60%	0.54%
v. Business (Deposits + Advances)# per Employee *	378,900	478,250
vi. Profit per Employee*	1,864	2,031

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

2. Lending to sensitive sectors are as under:

(Rs. '000s)

2.1 Exposure to real estate sector	2017-18	2016-17
a) **Direct exposure :**	**203,524**	372,644
i) Residential mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans eligible for inclusion in priority sector advances may be shown separately).	**11,524**	12,644
ii) Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, industrial or warehouse space, hotels, land acquisition, development and contribution, etc.) Exposure would also include non fund based (NFB) limits;	**192,000**	360,000

			2017-18	2016-17
	iii)	Investment in Mortgage Backed Securities and other securitized exposures:	–	–
		a. Residential	–	–
		b. Commercial Real Estate	–	–
b)		**Indirect exposure :**	**385,686**	**311,851**
		Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	**385,686**	311,851
		Total Real Estate exposure	**589,210**	**684,495**

(Rs. '000s)

2.2 Exposure to capital market

		2017-18	2016-17
i.	Direct Investments made in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	–	–
ii.	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in equity shares (including IPO''s/ESOPS), convertible bonds or convertible debentures, units of equity oriented mutual funds.	–	–
iii.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	–	–
iv.	Advances for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual f unds i.e. where the primary security other than shares/convertible bonds/ convertible debentures /units of equity oriented mutual funds does not fully cover the advances	–	–
v.	Secured and unsecured advances to stockbrokers & guarantees issued on behalf of stockbrokers and market makers	–	–
vi.	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	–	–
vii.	Bridge loans to companies against expected equity flows/issues	–	–
viii.	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	–	–
ix.	Financing to stockbrokers for margin trading	–	–
x.	All exposures to venture capital funds (both registered & unregistered)	–	–
	Total Exposure to Capital Market	–	–

2.3 Risk category wise Country Exposure

(Rs. '000s)

Risk category	Exposure (31 March 2018)	Provision Held (31 March 2018)	Exposure (31 March 2017)	Provision Held (31 March 2017)
Insignificant	**2,367,302**	**1,815**	3,111,281	2,735
Low	**4,840,391**	**9,595**	3,402,878	6,467
Moderate	**236,710**	–	12,628	–
High	**203,824**	–	361,080	–
Very High	–	–	25,982	–
Restricted	**176,187**	–	–	–
Off-Credit	–	–	–	–
Total	**7,824,414**	**11,410**	**6,913,849**	**9,202**

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

3. Asset Quality :

(Rs. '000s)

		2017-18	2016-17
3.1	**Provision for Standard Assets as at year end (Includes provision on unhedged foreign currency exposure)**	**89,175**	**99,600**
3.2	**Percentage of Net Non-Performing Assets to Net Advances**	**0.00%**	**0.06%**
3.3	**Movement in Non Performing Advances (Gross)**		
	Balance as at the beginning of the year	**231,076**	231,076
	Add: Additions during the year / transfer	–	–
	Less: Reductions during the year		
	Upgradations	–	–
	Recoveries	–	–
	Write-offs	–	–
	Balance as at the end of the year	**231,076**	**231,076**
3.4	**Movement in provision for Non Performing Advances (Excluding provision on standard assets)**		
	Balance as at the beginning of the year	**217,555**	217,555
	Add: Provisions made during the year	**13,521**	–
	Less: Write-off/Write back of excess provision during the year	–	–
	Balance as at the end of the year	**231,076**	**217,555**

		2017-18	2016-17
3.5	**Provisioning Coverage Ratio**	**100%**	**94.15%**
3.6	**Movement in Non Performing Advances (Net)**		
	Balance as at the beginning of the year	**13,521**	13,521
	Add: Additions during the year	–	–
	Less: Reductions during the year	**13,521**	–
	Balance as at the end of the year	–	**13,521**
3.7	**Movement in Non Performing Investments (Gross)**		
	Balance as at the beginning of the year	–	18,100
	Add: Additions during the year	–	–
	Less: Reductions during the year	–	18,100
	Upgradations	–	–
	Recoveries	–	–
	Write- offs	–	–
	Balance as at the end of the year	–	–
3.8	**Movement in provision for Non Performing Investments**		
	(Excluding provision on standard assets)		
	Balance as at the beginning of the year	–	18,100
	Add: Provisions made during the year / transfer	–	–
	Less: Write-off/Write back of excess provision during the year	–	18,100
	Balance as at the end of the Year	–	–
3.9	**Movement in Non Performing Investments (Net)**		
	Balance as at the beginning of the year	–	–
	Add: Additions during the year	–	–
	Less: Reductions during the year	–	–
	Balance as at the end of the year	–	–

(Rs. '000s)

4. Movement in Floating Provision	2017-18	2016-17
Balance as at the beginning of the year	**13,482**	13,482
Add: Additions during the year	–	–
Less: Draw down during the year	–	–
Balance as at the end of the year	**13,482**	**13,482**

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

During the year, the Bank has not transferred any financial assets to SC/RC. (Previous Year: Nil)

6. Disclosures relating to Securitization

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

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

During the year the Bank has not purchased or sold any Non-performing Assets. (Previous Year: Nil)

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

(Rs. '000s)

		2017-18	2016-17
a)	**Concentration of Deposits**		
	Total Deposits of 20 largest depositors	**16,971,378**	21,819,663
	Percentage of deposits of 20 largest depositors to total deposits of the Bank (includes inter-bank deposits)	**73.10%**	76.90%
b)	**Concentration of Advances****		
	Total Advances to 20 largest Borrowers	**16,577,070**	17,796,743
	Percentage of advances to 20 largest Borrowers to total advances of the Bank (includes inter-bank exposures)	**70.53%**	76.30%
	**Advances are computed as per definition of Credit Exposure including derivatives furnished in Master Circular of Exposure norms. Bills Rediscounting is included in advances.		
c)	**Concentration of Exposures***		
	Total Exposure to 20 largest Borrowers/Customers	**21,235,164**	19,475,786
	Percentage of Exposures to 20 largest Borrowers/Customers to total Exposure of the Bank on Borrowers / Customers (includes inter-bank exposures)	**60.45%**	64.71%
	*Exposures are computed based on credit and investment exposure furnished in Master Circular of Exposure Norms		
d)	**Concentration of NPAs**		
	Total Exposure to top 4 NPA accounts (Gross)	**231,076**	231,076

9. Particulars of accounts restructured

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

Disclosures of Restructured Accounts as on March 31, 2018

(Rs '000)

Sr No	Type of Restructuring / Asset Classification		Under CDR Mechanism (INR)					Under SME Debt Restructuring Mechanism					Others					Total				
	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 of the FY	No. of borrowers	–	–	1	–	1	–	–	–	–	–	–	–	–	–	–	–	–	1	–	1
		Amount outstanding	–	–	230,794	–	230,794	–	–	–	–	–	–	–	–	–	–	–	–	230,794	–	230,794
		Provision thereon	–	–	217,273	–	217,273	–	–	–	–	–	–	–	–	–	–	–	–	217,273	–	217,273
2	Fresh restructuring during the year	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Upgradations to restructured standard category during the FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Downgradations of restructured accounts during the FY	No. of borrowers	–	–	(1)	1	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	1	–
		Amount outstanding	–	–	(230,794)	230,794	–	–	–	–	–	–	–	–	–	–	–	–	–	(230,794)	230,794	–
		Provision thereon	–	–	(217,273)	230,794	13,521	–	–	–	–	–	–	–	–	–	–	–	–	(217,273)	230,794	13,521
6	Write–offs of restructured accounts during the FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	–	–	–	1	1	–	–	–	–	–	–	–	–	–	–	–	–	–	1	1
		Amount outstanding	–	–	–	230,794	230,794	–	–	–	–	–	–	–	–	–	–	–	–	–	230,794	230,794
		Provision thereon	–	–	–	230,794	230,794	–	–	–	–	–	–	–	–	–	–	–	–	–	230,794	230,794

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

10. Sector-wise advances

(Rs. '000s)

Sr. No.	Sector	2017-18 Outstanding Total Advances	2017-18 Gross NPAs	2017-18 Percentage of Gross NPAs to Total Advances in that sector	2016-17 Outstanding Total Advances	2016-17 Gross NPAs	2016-17 Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	–	–	–	–	–	–
2	Advances to industries sector eligible as priority sector lending	4,913,444	–	–	4,667,453	–	–
3	Service	–	–	–	–	–	–
4	Personal loans	–	–	–	–	–	–
	Sub-total (A)	**4,913,444**	**–**	**–**	**4,667,453**	**–**	**–**
B	**Priority Sector Lending Certificates (PSLC)**	**900,000**	–	–	–	–	–
	Total Priority Sector Advances (A+B)	**5,813,444**	**–**	**–**	**–**	**–**	**–**
C	**Non Priority Sector**						
1	Agriculture and allied activities	–	–	–	–	–	–
2	Industry of which	**6,359,954**	230,794	3.63%	5,804,375	230,794	3.98%
	– Infrastructure	**4,156,458**	–	–	2,856,665	–	–
	– Food processing	**639,713**	–	–	730,942	–	–
	– Engineering	**353,173**	–	–	892,833	–	–
3	Services of which	**9,235,859**	–	–	12,840,870	–	–
	– NBFC	**2,215,803**	–	–	1,721,395	–	–
4	Personal loans	**25,828**	282	1.09%	12,994	282	2.17%
	Housing loans	**11,525**	–	–	12,664	–	–
	Sub-total (B)	**15,621,641**	**231,076**	**1.48%**	**18,658,239**	**231,076**	**1.24%**
	Total Gross Advances(A+C)	**20,535,085**	**231,076**	**1.13%**	**23,325,692**	**231,076**	**0.99%**

11. Overseas Assets, NPAs and Revenue:

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

12. Off Balance sheet SPVs sponsored

The Bank does not have any Off Balance sheet sponsored SPV as at March 31, 2018 (Previous Year: Nil)

13. Unsecured Advances against Intangible securities

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

(Rs. '000s)

14. Fees received in respect of Banc assurance business	**2017-18**	2016-17
– For selling Mutual Fund products	**2**	90
– For selling Insurance products	**–**	–

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

(Rs. '000s)

	2017-18	2016-17
i. Provision / (Write Back) of Non–Performing Funded Advances (Net)	**13,521**	–
ii. Provisions for Country Risk	**2,208**	1,902
iii. Provision / (Write Back) of Depreciation on Investments (Net)	**29,272**	(4,970)
iv. Provision for Deferred Tax (Net)	**231**	(1,943)
v. Provision for Deferred Tax Previous Year (Net)	**762**	409
vi. Provision for Current Tax	**115,348**	133,837
vii. Provision for Current Tax Previous Year	**(1,532)**	14,170
viii. Provisions for Standard Assets (including unhedged foreign currency exposure)	**(10,425)**	9,600
Total	**149,385**	**153,005**

16. Capital Adequacy

The capital Adequacy ratio of the Bank is calculated as per 'guidelines in Master Circular – Basel III Capital Regulations, issued vide RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated 01 July 2015' as amended.

	2017-18	2016-17
i. Common Equity Tier I capital ratio (%)	**18.43%**	24.64%
ii. Tier I capital ratio (%)	**18.43%**	24.64%
iii. Tier II capital ratio (%)	**0.59%**	0.88%
iv. Total capital ratio (CRAR) (%)	**19.02%**	25.52%
v. Amount of Interest free fund raised from HO in the year	–	–
vi. Amount of additional Tier I capital raised in the year	–	–
vii. Amount of Tier II capital raised in the year	–	–

17. Draw-down from Reserves

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

18. Classification of Net Investments under various categories is as under:

(Rs. '000s)

	2017-18	2016-17
Held to Maturity	**3,163,500**	3,143,402
Available for Sale	**6,826,280**	3,706,008
Held for Trading	–	–
Total	**9,989,780**	**6,849,410**

Investments include securities of Book Value **Rs. 299,889** thousand (Previous Year: **Rs.284,188** thousand) pledged with CCIL for margin requirements.

Investments include securities amounting **Rs. 307,337** thousand (Previous Year: **Rs. 309,455** thousand) kept as margin with Reserve Bank of India towards Real Time Gross Settlement (RTGS).

Investment includes securities of face value **Rs. 600,000** thousand (Previous Year: **Rs. 60,000** thousand) kept with Reserve Bank of India u/s 11(2) (b) of Banking Regulation Act, 1949.

19. Movement in Provision for depreciation on Investment

(Rs. '000s)

	2017-18	2016-17
Balance as at the beginning of the year	–	18,100
Add: Provisions made during the year / transfer	**29,272**	–
Less: Write-off / Write back of excess provision during the year*	–	18,100
Balance as at the end of the year	**29,272**	–

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

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

(Rs. '000s)

	2017-18	2016-17
Opening Balance	–	18,100
Additions during the year	–	–
Reductions / Write off during the year	–	18,100
Closing Balance	–	–
Total Provisions held	–	–

21. Issuer composition of Non-SLR investments is as under:
As at March 31, 2018

(Rs. '000s)

Sr. No (1)	Issuer (2)	Amount (3)	Extent of private placement (4)	Extent of 'below investment grade' securities (5)	Extent of 'unrated' securities (6)	Extent of 'unlisted' securities (7)
1	PSUs	**1,390,596**	–	–	–	–
2	Financial Institutions	**902,114**	–	–	–	–
3	Banks	**248,655**	–	–	–	–
4	Private Corporates	**499,663**	–	–	–	–
5	Subsidiaries/Joint Ventures	–	–	–	–	–
6	Others	–	–	–	–	–
7	Provision held towards depreciation	**(26,453)**				
	Total	**3,014,575**				

As at March 31, 2017

(Rs. '000s)

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

22. Investments

(Rs. '000s)

Particulars	2017-18	2016-17
(1) Value of investments		
(i) Gross value of investments		
(a) In India	**10,019,052**	**6,849,410**
(b) Outside India	–	–
(ii) Provision for depreciation		
(a) In India	**(29,272)**	–
(b) Outside India	–	–
(iii) Net value of investments		
(a) In India	**9,989,780**	**6,849,410**
(b) Outside India	–	–
(2) Movement of provisions held towards depreciation of Investments		
(i) Opening balance	–	**18,100**
(ii) Add : Provision made during the period	**29,272**	–
(iii) Less : Write off/write-back of excess provisions during the year	–	**18,100**
(iv) Closing balance	**29,272**	–

23. Sale or transfer to/from HTM Category

During the year, there was transfer of GOI Securities of face value **Rs. 1,850,000 thousand** (Previous year: 600,000 thousand) from HTM Category to AFS category which was duly approved by MANCOM on 05-April-2017 as a one-time transfer at the beginning of the year as permitted by Reserve Bank of India. Securities transferred was valued at lower of acquisition cost, book value or market value on the date of transfer and the depreciation, if any, on such transfer is provided for as per RBI guidelines.

24. Repo transactions

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

(Face Value Rs. 000's)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at year end
Securities sold under repo				
i. Government securities	– (–)	2,273,852 (999,939)	358,809 (6,300)	1,019,848 (–)
ii. Corporate debt securities	– (–)	– (–)	– (–)	– (–)
Securities purchased under reverse repo				
i. Government securities	– (–)	12,350,000 (12,400,000)	1,447,734 (3,215,815)	600,000 (950,000)
ii. Corporate debt securities	– (–)	– (–)	– (–)	– (–)

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

25. During the year, no penalties were imposed on the Bank by the Reserve Bank of India. (Previous Year: Nil)

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

27. Maturity Profile of Assets / Liabilities

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

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

As at March 31, 2018 (Rs. '000s)

Maturity Pattern	Total				Foreign Currency	
	Deposits	Borrowings	Advances (Net)	Investment (Net)	Assets(*)	Liabilities(*)
0-1 day	**46,631**	**–**	**80,642**	**1,546,789**	**449,729**	**45,415**
2-7 days	**325,034**	**1,089,848**	**54,681**	**282,899**	**985,364**	**43,737**
8-14 days	**896,727**	**632,667**	**359,855**	**165,865**	**298,831**	**712,866**
15-30 days	**198,901**	**1,401,750**	**293,266**	**196,975**	**83,994**	**672,974**
31 days to 2 months	**4,679,177**	**1,333,621**	**5,940,752**	**958,402**	**1,033,407**	**1,516,003**
Over 2 months to 3 months	**8,165,050**	**703,611**	**3,679,633**	**1,603,461**	**1,046,256**	**728,016**
Over 3 to 6 months	**3,122,975**	**646,166**	**1,979,247**	**744,702**	**444,590**	**294,670**
Over 6 to 1 year	**2,171,973**	**338,910**	**1,858,221**	**447,413**	**339,496**	**872,548**
Over 1 year to 3 years	**3,451,736**	**–**	**4,633,684**	**1,855,877**	**–**	**663,200**
Over 3 to 5 years	**158,073**	**–**	**1,259,374**	**1,228,496**	**–**	**34,232**
Over 5 years	**–**	**–**	**164,654**	**958,901**	**–**	**3,101**
Total	**23,216,277**	**6,146,573**	**20,304,009**	**9,989,780**	**4,681,667**	**5,586,762**

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

Maturity Pattern	Total				Foreign Currency	
	Deposits	Borrowings	Advances (Net)	Investment (Net)	Assets(*)	Liabilities(*)
0-1 day	18,862	–	73,063	2,318,230	363,446	8,310
2-7 days	984,066	30,000	9,054,603	154,104	1,733,248	42,369
8-14 days	297,939	–	124,927	47,988	45,453	48,645
15-30 days	4,048,240	–	689,146	604,361	492,675	16,300
31 days to 2 months	9,187,876	648,500	1,529,387	1,361,539	384,744	703,835
Over 2 months to 3 months	3,207,265	648,500	1,220,953	475,490	510,829	673,413
Over 3 to 6 months	1,470,131	–	1,980,256	232,738	1,433,280	250,664
Over 6 to 1 year	2,997,957	330,000	1,205,200	517,420	–	895,944
Over 1 year to 3 years	6,019,176	–	5,761,978	894,652	–	1,346,895
Over 3 to 5 years	142,682	–	1,392,904	21,515	–	107,755
Over 5 years	–	–	75,721	221,373	–	3,150
Total	**28,374,194**	**1,657,000**	**23,108,138**	**6,849,410**	**4,963,675**	**4,097,280**

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

There were no movements in Technical write-offs nor any recoveries were made during the FY 2017-18 (Previous Year: Nil)

29. Unhedged Foreign Currency Exposure

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

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

In accordance with the RBI's Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated January 15, 2014 effective April 1, 2014, the Bank has maintained incremental provision of **Rs. 6,208 thousand** (Previous year- Rs. 5,625 thousand) and additional capital of **Rs. 18,203 thousand** (Previous year- Rs. 27,900 thousand) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2018.

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

31. Liquidity Coverage Ratio

As at March 31, 2018

(Rs. '000s)

	Average Q4 2017-18		**Average Q3 2017-18**		**Average Q2 2017-18**		**Average Q1 2017-18**	
	Total Unweighted Value (average)	**Total weighted Value (average)**	**Total Unweighted Value (average)**	**Total weighted Value (average)**	**Total Unweighted Value (average)**	**Total weighted Value (average)**	**Total Unweighted Value (average)**	**Total weighted Value (average)**
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	4,826,220	4,819,288	5,410,421	5,394,289	4,574,951	4,574,951	7,963,642	7,963,642
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	3,053,692	302,544	3,363,546	333,817	3,123,796	309,926	3,328,940	329,674
(i) Stable deposits	56,496	2,825	50,743	2,537	49,068	2,453	64,399	3,220
(ii) Less stable deposits	2,997,196	299,720	3,312,802	331,280	3,074,728	307,473	3,264,541	326,454
3 Unsecured wholesale funding, of which:	1,984,103	1,124,774	876,937	320,347	1,507,479	1,154,228	2,603,772	2,260,022
(i) Operational deposits (all counterparties)	1,405	70	678	34	1,703	85	814	41
(ii) Non-operational deposits (all counterparties)	1,364,180	506,185	876,259	320,313	546,380	194,747	529,370	186,392
(iii) Unsecured debt	618,519	618,519	–	–	959,396	959,396	2,073,589	2,073,589
4 Secured wholesale funding	59,014	–	29,774	–	–	–	–	–
5 Additional requirements, of which	2,779,594	277,469	3,406,953	340,378	2,955,863	305,213	2,746,088	287,474
(i) Outflows related to derivative exposures and other collateral requirements	–	–	–	–	–	–	–	–
(ii) Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
(iii) Credit and liquidity facilities	2,779,594	277,469	3,406,953	340,378	2,955,863	305,213	2,746,088	287,474
6 Other contractual funding obligations	2,248,780	2,248,780	1,753,583	1,753,583	1,195,981	1,195,981	3,265,570	3,265,570
7 Other contingent funding obligations	5,685,504	170,565	2,513,004	75,390	3,173,104	95,193	3,697,506	110,925
8 Total Cash Outflows	15,810,686	4,124,132	11,943,797	2,823,516	11,956,223	3,060,542	15,641,876	6,253,665
Cash Inflows								
9 Secured lending (e.g. reverse repos)	371,873	–	243,441	–	630,802	–	4,441,569	–
10 Inflows from fully performing exposures	1,237,951	618,976	851,334	425,667	854,702	427,351	647,235	323,618
11 Other Cash inflows	1,254,008	1,254,008	1,056,999	1,056,999	1,471,172	1,471,172	1,972,322	1,972,322
12 Total cash inflows	2,863,833	1,872,984	2,151,774	1,482,666	2,956,676	1,898,523	7,061,126	2,295,939
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA	4,826,220	4,819,288	5,410,421	5,394,289	4,574,951	4,574,951	7,963,642	7,963,642
14 Total Net Cash Outflows	–	2,251,148	–	1,340,850	–	1,162,019	–	3,957,725
15 25% of total cash outflows (25% of 8)	–	1,031,033	–	705,879	–	765,135	–	1,563,416
16 Higher of total net cash outflows or 25% of total cash outflows (Higher of 14 or 15)	–	2,251,148	–	1,340,850	–	1,162,019	–	3,957,725
17 Liquidity Coverage Ratio (%) (13/16)	–	214.08%	–	402.30%	–	393.71%	–	201.22%

As at March 31, 2017

(Rs. '000s)

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

32. Qualitative disclosure around LCR

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

The Bank during the three months ended March 31, 2018 maintained average HQLA (after haircut) of **Rs.4,819,288 thousand** (Previous year – Rs. 8,111,805 thousand) against the average liquidity requirement of **Rs.2,026,033 thousand** (Previous year – Rs.2,125,072 thousand) at minimum LCR requirement of 90%. HQLA primarily included cash, balance in excess of cash reserve requirement with RBI and government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR).

The Bank has been focusing on increasing its core liabilities, including current and savings account (CASA) deposits. Bank has replaced the FCNR liabilities (Special FCNR B deposits) of USD 150 million with the certificate of deposits and Mutual funds deposits funding. On March 31, 2018, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were CASA deposits **13%** (Previous year - 14%), term deposits **60%** (Previous year - 53%) and certificate of deposits **27%** (Previous year - 33%). Further, the total borrowings mobilised from significant counterparties (from whom, the funds borrowed were more than 1.00% of the Bank's total liabilities), were **18%** (Previous year- 3.73%) of the total liabilities of the Bank at March 31, 2018.

The weighted cash outflows are primarily driven by other contractual funding obligation (Money Market Borrowings) which includes Certificate of deposits mobilised by the Bank. Other contractual funding obligation contributed **54.5%** (Previous year- 55%) of the total weighted cash outflows. Unstable Retail deposits and unsecured wholesale deposits contributed **7%** (Previous year- 21%) and **15%** (Previous year- 26%) of the total weighted cash outflows respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients and its contribution in weighted cash outflow is **4%** (Previous year – 2%).

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

Based on the above, Daily average LCR of the Bank for the three months ended March 31, 2018 was **214%** (Previous year - 305%).

33. Subordinated debt

The bank has not raised any subordinated debt during the year ended 31st March 2018. (Previous Year: Nil)

34. Customer Complaints

Sr. No.	Particulars	2017-18	2016-17
1.	No. of complaints pending at the beginning of the year	**2**	–
2.	No. of complaints received during the year	**88**	62
3.	No. of complaints redressed during the year	**90**	60
4.	No. of complaints pending at the end of the year	**–**	2

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

Awards passed by the Banking Ombudsman

Sr. No.	Particulars	2017-18	2016-17
1.	No. of unimplemented awards at the beginning of the year	–	–
2.	No. of awards passed by the Banking Ombudsman during the year	–	–
3.	No. of awards implemented during the year	–	–
4.	No. of unimplemented awards at the end of the year	–	–

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

35. Disclosures on Derivatives

(a) Forward Rate Agreement/ Interest Rate Swap

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

(b) Exchange Traded Interest Rate Derivatives

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

(c) Disclosure on Risk exposure in derivatives

(d) Qualitative Disclosures

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

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

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

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

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

a) Risk Measurement

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

b) Risk Reporting and Risk monitoring systems:

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

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

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

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

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

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

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

Quantitative Disclosure

(Rs. '000s)

Sr. No	Particulars	Currency swaps (Forward Foreign exchange contracts and Spot Contracts)	
		2017-18	**2016-17**
1	**Derivatives (Notional Principal Amount)**		
	a) For hedging	–	2,918,250
	b) For trading	**9,294,117**	4,903,271
2	**Marked to Market Positions (Net)**		
	a) Asset (+)	**19,599**	22,558
	b) Liability (-)	**(13,501)**	(81,899)
3	**Credit Exposure**	**205,482**	**178,989**
4	**Likely impact of one percentage change in interest rate (100*PV01)**	**Not Applicable**	**Not Applicable**
5	**Maximum and Minimum of 100*PV01 observed during the year**	**Not Applicable**	**Not Applicable**
6	**VaR on Fx-Forwards**		
	As at Balance Sheet date	**5,735**	11,037
	Maximum during the year	**18,956**	22,015
	Minimum during the year	**5,215**	8,040

36. Employee Benefits

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

(Rs. '000s)

Particulars	2017-18	2016-17
Change in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of year	**36,206**	29,135
Interest Cost	**2,469**	2,287
Current Service Cost	**6,069**	4,897
Losses/(Gains) on curtailment	–	–
Benefit Paid	**(4,438)**	(1,211)
Actuarial (Gain)/loss on obligations	**(6,738)**	1,097
Closing value of defined benefit obligation at the end of the year	**33,568**	**36,206**
Change in Plan Assets		
Opening Fair value of plan assets at the beginning of year	**54,561**	51,645
Expected Return on plan assets	**3,721**	4,054
Contribution by Employer	–	342
Benefit Paid	**(4,438)**	(1,211)
Actuarial Gain/(loss) on plan assets - due to experience	**(502)**	(269)
Closing Fair value of plan assets at the end of the year	**53,342**	**54,561**
Reconciliation of present value of obligation and fair value of plan assets		
Present Value of Funded obligation at the end of year	**(33,568)**	(36,206)
Fair Value of plan assets at the end of the year	**53,342**	54,561
Deficit/(Surplus)	**(19,774)**	(18,356)
Unrecognized Past Service Cost	–	–
Liability/(Asset) recognized in the Balance Sheet	**(19,774)**	**(18,356)**
Amount Recognized in the Balance sheet		
Liabilities	–	–
Assets	**(19,774)**	(18,356)
Net Liability/(Asset) recognized in Balance sheet	**(19,774)**	**(18,356)**
Net Cost recognized in the Profit and Loss Account		
Current Service Cost **6,069**	4,897	
Interest Cost	**2,469**	2,287
Expected Return on Plan Assets	**(3,721)**	(4,054)
Net Actuarial (Gain)/Loss recognized in the year	**(6,235)**	1,367
Past Service Cost	–	–
Losses/(Gains) on curtailments and settlements	–	–
Expenses Recognized in the Profit and Loss Account	**(1,418)**	**4,497**
Reconciliation of expected return and actual return on Plan Assets		
Expected Return on Plan Assets	**3,721**	4,054
Actuarial Gain/(Loss) recognized in the year	**(502)**	(269)
Actual Return on Plan Assets	**3,219**	**3,785**
Movement in the Net Liability / Asset recognized in the Balance Sheet		
Opening Net Liability / (Asset) as at the beginning of the year	**(18,356)**	(22,510)
Expenses Recognized in the Profit and Loss Account	**(1,418)**	4,497
(Benefit paid directly by the employer)	–	–
Contributions	–	(342)
Closing Net Liability / (Asset) as at the end of the year	**(19,774)**	**(18,356)**

Investment under Plan Assets of Gratuity Fund as at year end are as follows :

Category of Assets	% of Plan Assets	
	2017-18	2016-17
Cash and cash equivalent	**2.57%**	**3.52%**
Insurance Fund (with Life Insurance Corporation of India)	**90.77%**	90.98%
Others (Fixed deposit)	**6.66%**	5.50%
Total	**100.00%**	**100.00%**
Principal Actuarial assumptions :		
Discount Rate	**7.65%**	6.82%
Expected Rate of Return on Plan Asset	**7.65%**	6.82%
Salary Escalation	**10.00%**	10.00%
Attrition rate	**12.00% for all service groups**	**Service 4 years and below : 15% p.a and thereafter 5% p.a**

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

Experience adjustment	2017-18	2016-17	2015-16	2014-15	2013-14
Defined benefit obligation	**33,568**	36,205	29,135	27,720	22,754
Plan assets	**53,342**	51,645	51,645	52,415	52,877
(Surplus) / Deficit	**(19,774)**	(18,356)	(22,510)	(24,695)	(30,123)
Experience adjustment on plan liabilities – Gain / (Loss)	**(2,687)**	1,710	(161)	(2,166)	15,116
Experience adjustment on plan assets - Gain / (Loss)	**(502)**	(269)	9	(183)	(789)

Compensated Absences:	2017-18	2016-17
The actuarial liability of compensated absences of en-cashable accumulated privilege leave as at year end is	**585**	586

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

Provident Fund:

The Bank has contributed an amount of **Rs. 10,282 thousand** to the provident fund during the year. (Previous Year: Rs. 8,928 thousand)

Unamortized Pension and Gratuity Liabilities:

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

37. Related Party Disclosures

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

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

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

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

Key Managerial Person: Mr. Darayus P. Bajan (CEO, India)

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

Transactions with Related Parties:-

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

(Rs. '000s)

Items/ Related Party	Parent (as per ownership or control)	Subsidiaries	Associates / Joint Ventures	Key Management personnel @	Relatives of Key Management Personnel	Total
Borrowings	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Deposit / Vostro balances	**205,365**	–	–	–	–	**205,365**
	(143,154)	(–)	(–)	(–)	(–)	(143,154)
Placements of deposits	**325,875**	–	–	–	–	**325,875**
	(–)	(–)	(–)	(–)	(–)	(–)
Interest Paid	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Interest Received	**1,616**	–	–	–	–	**1,616**
	(918)	(–)	(–)	(–)	(–)	(918)
Nostro balances	**79,611**	–	–	–	–	**79,611**
	(34,541)	(–)	(–)	(–)	(–)	(34,541)
Receiving of services	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)

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

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

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

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

(Rs. '000s)

Particulars	Maximum during the year	Minimum during the year	Outstanding as on 31.03.2018
Borrowed from ADCB HO	– (–)	– (–)	– (–)
Lent to ADCB HO	**2,246,883** (2,259,300)	**127,100** (198,495)	**325,875** (–)
Deposit / Vostro balances	**1,370,224** (725,639)	**3,356** (160)	**205,365** (143,154)
Nostro balances	**718,413** (756,632)	**34,541** (23,151)	**79,611** (34,541)

Note: Previous year figures are in brackets.

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

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

(Rs. '000s)

Deferred Tax Asset	2017–18	2016–17
Ex Gratia and Leave encashment	4,796	4,580
Provision for Non-Performing Assets	**81,120**	81,120
Provision for Standard Asset *	**26,322**	31,084
Provision for Country Risk*	**3,638**	2,683
Others	**21,799**	21,018
Total	**137,675**	140,485
Deferred Tax Liability		
Depreciation	**12,316**	14,133
Total	**12,316**	14,133
Net Deferred Tax Asset / (Liability)	**125,359**	**126,352**

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

40. **Segment Reporting**

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

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

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

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

Information about Primary Business Segments is as under

2017-18

(Rs. '000s)

Business Segments /Particulars	Treasury Operations	Corporate/ Wholesale Banking	Retail Banking	Total
Segment Revenue	**860,672**	**1,139,923**	**6,620**	**2,007,215**
Add / (Less): Inter-segment	**(518,013)**	**(348,769)**	**866,782**	–
Revenue net of Inter-segment	**342,659**	**791,154**	**873,402**	**2,007,215**
Segment Results	**168,270**	**279,682**	**147,393**	**595,345**
Unallocated expenses				**(316,544)**
Operating Profit				**278,801**
Income Tax including deferred tax				**(114,809)**
Extraordinary Profit /(Loss)				–
Net Profit				**163,992**
Other Information:				
Segment Assets	**13,357,576**	**20,295,448**	**29,125**	**33,682,149**
Unallocated assets				**496,520**
Total Assets				**34,178,669**
Segment Liabilities	**6,436,642**	**10,334,413**	**13,270,819**	**30,041,874**
Unallocated liabilities				**127,505**
Total Liabilities				**30,169,379**

2016-17

(Rs. '000s)

Business Segments /Particulars	Treasury Operations	Corporate/ Wholesale Banking	Retail Banking	Total
Segment Revenue	970,818	1,264,191	12,877	**2,247,886**
Add / (Less): Inter-segment	(729,984)	(393,414)	1,123,398	–
Revenue net of Inter-segment	240,834	870,777	1,136,275	**2,247,886**
Segment Results	139,727	245,543	210,026	**595,296**
Unallocated expenses				**(290,368)**
Operating Profit				**304,928**
Income Tax including deferred tax				**(146,473)**
Extraordinary Profit /(Loss)				–
Net Profit				**158,455**
Other Information				
Segment Assets	11,142,275	23,093,652	32,939	**34,268,866**
Unallocated assets				**482,577**
Total Assets				**34,751,443**
Segment Liabilities	2,366,287	19,012,232	9,423,592	**30,802,111**
Unallocated liabilities				**104,034**
Total Liabilities				**30,906,145**

Notes on Segment Reporting

1) The bank has three main lines of business – Treasury, Corporate Banking and Retail Banking.
2) The Treasury Department is responsible for the entire Balance Sheet Management and managing the Asset-Liability mismatch for the bank.
3) The funds are transfer priced by Treasury department to the Corporate and Retail Banking departments at adjusted weighted average cost of the funds, accordingly inter segment results is computed for respective segments.
   In allocation of some items of expenses/income and asset/liabilities, certain estimates and assumptions have been made by the management, which has been relied upon by the auditors.

41. Letters of Comfort

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

42. Description of Contingent liability in Schedule 12

42.1 Claims against the Bank not acknowledged as debt

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

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

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

42.3 Guarantees given on behalf of constituents, acceptances, endorsements and other obligations

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

42.4 Other items for which Bank is contingently liable

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

43. Disclosure on Remuneration

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

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

	Quantitative Disclosures	**2017-18**	**2016-17**
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	NA	NA
(h)	(i) Number of employees having received a variable remuneration award during the financial year.*	12	9
	(ii) Number and total amount of sign-on awards made during financial year.	NIL	NIL
	(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus#	NIL	NIL
	(iv) Details of severance pay, in addition to accrued benefits, if any#	NIL	NIL
(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	**Shares of ADCB PJSC HO– (valued at the award price): Rs. 16,845 (For total Count 7 of which Count for Risk Takers is 5)**	**Shares of ADCB PJSC HO– (valued at the award price): Rs.15,410 (For total Count 9 of which Count for Risk Takers is 6)**
	(ii) Total amount of deferred remuneration paid out in financial year.	**NIL**	NIL
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	**Fixed Pay# : Rs.63,490 (Count 15) Variable Pay : Rs. 10,141 (Count : 12) Shares of ADCB PJSC HO– (valued at the award price): Rs. 7,262 (For total Count 7 of which Count for Risk Takers is 5)**	Fixed Pay# : Rs. 51,813 (Count 10) Variable Pay : Rs. 8,698 (Count : 9) Shares of ADCB PJSC HO– (valued at the award price): Rs. 8,782 For total Count 9 of which Count for Risk Takers is 6)
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	NIL	NIL
	(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL	NIL
	(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL	NIL

\# Fixed pay for employees includes Basic Salary, House Rent Allowance, Supplementary Allowances, Co contribution to provident fund and other amounts paid during the financial year 2017-2018

* Includes all Treasury employees and other relevant business employees

$ FY 2015-16 was the first year in which shares were allotted and no shares have vested in the years FY 2015-16 , FY 2016-17and FY 2017-18

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

(Rs. '000s)

	2017-18	**2016-17**
Opening balance of amounts transferred to DEAF	**13,528**	12,531
Add: Amounts transferred to DEAF during the year	**573**	1,131
Less: Amounts reimbursed by DEAF towards claims	**71**	134
Closing balance of amounts transferred to DEAF	**14,030**	13,528

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

45. Intra Group Exposure

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

- Total amount of intra-group exposures–Nil (Previous year- Nil)
- Total amount of top-20 intra-group exposures –Nil (Previous year- Nil)

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

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

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

47. Disclosure for Corporate Social Responsibility (CSR)

47.1 Gross amount required to be spent by the Bank during the year is Rs.5,549 thousand (Previous year: Rs. 4,532 thousand) as under:
Rs.**2,000** thousand was given to Akshay Patra Foundation. – (Previous Year: Rs.2,032 thousand)
Rs.**2,049** thousand was given to Tata Memorial Hospital. – (Previous Year: Rs.2,500 thousand)
Rs.**1,500** thousand was given to Saifee Hospital Trust. – (Previous Year: Rs. Nil)

47.2 Amount spent during the year on:

(Rs. '000s)

Sr. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/ Acquisition of any asset	–	–	–
		(–)	(–)	(–)
(ii)	On purposes other than (i) above	**5,549**	–	**5,549**
		(4,532)	(–)	**(4,532)**

48 Divergence in Asset Classification and Provisioning for NPAs

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

49 Disclosure on Specified Bank Notes (SBNs)

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

50 Transfer Pricing

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

51 Spread of MTM Losses of AFS and HFT Portfolio

As per RBI guidelines on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – Spreading of MTM losses DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018.

(Rs. '000s)

Sr. No.	Particulars	2017-18
A	The provisions for depreciation of the investment portfolio for the quarters ended December 2017 and March 2018 made during the quarter/year	**77,872**
B	The balance required to be made in the remaining quarters.	**44,655**

52. Priority Sector Lending Certificates (PSLCs) Purchased/Sold in the year ended 31 March 2018

(Rs. '000s)

Type of PSLC	PSLC Bought	PSLC Sold
PSLC - Agriculture	–	
PSLC - Small and Marginal Farmers	–	–
PSLC - Micro Enterprises	500,000	–
PSLC - General	400,000	–
Total	**900,000**	**–**

During the year 2016-17, Bank had not purchased/sold any PSLC.

53. Implementation of Resolution Plan

As per RBI revised Frame work for Resolution of Stressed Assets vide the RBI circular DBR.No.BP.BC.101/21.04.048/2017-18 dated February 12, 2018, bank does not have any borrower who has an aggregate exposure of Rs. 20 billion and is classified as SMA 0, SMA1 or SMA2 by any lender.

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

As per our attached report

For MSKA & Associates
Chartered Accountants
Firm Reg. No: 105047W

Sd/-
Swapnil Kale
Partner
Membership No: 117812

Mumbai
June 06, 2018

ABU DHABI COMMERCIAL BANK PJSC - INDIA BRANCHES

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

Sd/-
R. Balasubramaniam
Head Finance - India