INDIA

Independent Auditor's Report
To Chief Executive Officer of
DBS Bank Ltd., India

Report on the Financial Statements

1. We have audited the accompanying financial statements of DBS Bank Ltd., India ('the Bank'), which comprise the Balance Sheet as at 31 March 2014 and Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956 and circulars and guidelines issued by the Reserve Bank of India from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2014;
   (b) in the case of Profit and Loss Account, of the profit of the Bank for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.
8. We report that:
   (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
   (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
   (c) during the course of our audit we visited 5 branches. Since the key operations of the Bank are completely automated with the key applications integrated to the core banking systems, the audit is carried out centrally at the Head Office as all the necessary records and data required for the purposes of our audit are available therein.
9. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India.
10. We further report that:
   (i) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
   (ii) the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not submitted by the branches;
   (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books; and
   (iv) the requirements of section 274 (1)(g) of the Companies Act, 1956 are not applicable considering the Bank is a branch of DBS Bank Ltd., which is incorporated with limited liability in the Republic of Singapore.

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

Sd-
Akeel Master
Partner
Membership No: 046768

Mumbai
22 May 2014

DBS BANK
INDIA

BALANCE SHEET AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

	Schedule	31 Mar 2014	31 Mar 2013
CAPITAL AND LIABILITIES			
Capital	1	**25,438,861**	14,603,321
Reserves and surplus	2	**14,722,527**	14,700,066
Deposits	3	**174,718,850**	154,876,264
Borrowings	4	**145,606,437**	168,473,779
Other liabilities and provisions	5	**94,139,461**	54,427,959
Total		**454,626,136**	407,081,389
ASSETS			
Cash and balances with Reserve Bank of India	6	**8,689,080**	9,728,169
Balances with banks and money at call and short notice	7	**13,496,209**	14,808,035
Investments	8	**180,817,080**	181,672,687
Advances	9	**151,548,369**	138,580,602
Fixed assets	10	**515,725**	527,724
Other assets	11	**99,559,673**	61,764,172
Total		**454,626,136**	407,081,389
Contingent liabilities	12	**5,171,965,378**	5,038,874,149
Bills for collection		**45,428,842**	33,713,118
Significant accounting policies and notes to accounts	18		

Schedules referred to above form an integral part of these financial statements

As per our report of even date attached.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

(Currency: Indian rupees in thousands)

	Schedule	31 Mar 2014	31 Mar 2013
INCOME			
Interest earned	13	**25,605,364**	25,591,876
Other income	14	**2,553,133**	1,287,583
Total		**28,158,497**	26,879,459
EXPENDITURE			
Interest expended	15	**17,717,043**	15,358,926
Operating expenses	16	**5,075,484**	4,881,083
Provisions and contingencies	17	**5,343,509**	3,754,082
Total		**28,136,036**	23,994,091
PROFIT			
Net Profit for the year		**22,461**	2,885,368
Profit brought forward		**2,970,058**	2,660,182
Total		**2,992,519**	5,545,550
APPROPRIATIONS			
Transfer to Statutory Reserve		**5,615**	721,342
Transfer (from)/to Investment Reserve Account		**(79,569)**	54,150
Capital retained in India for CRAR purposes		**1,370,000**	1,800,000
Balance carried over to Balance Sheet		**1,696,473**	2,970,058
Total		**2,992,519**	5,545,550

Schedules referred to above form an integral part of these financial statements

As per our report of even date attached.

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

Sd/-
Akeel Master
Partner
Membership No: 046768

Mumbai
22 May 2014

For **DBS Bank Ltd., India**

Sd/-
Sanjiv Bhasin
General Manager and Chief Executive Officer

Sd/-
Rajesh Prabhu
Managing Director and Chief Financial Officer

Mumbai
22 May 2014

DBS BANK
INDIA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Currency: Indian rupees in thousands)

		31 Mar 2014	31 Mar 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before taxation and extraordinary items		**(175,317)**	4,965,279
Adjustments for:			
Depreciation on Fixed Assets		**284,339**	197,758
Loss / (Profit) on sale and writeoff of Fixed assets		**115**	16,215
Provision on Standard Assets/Derivatives		**164,226**	38,866
Provisions / (Write back) of provisions for Depreciation on Investments		**186,980**	(124,534)
Provisions for contingent credit		**35,988**	76,512
(Write back) / Provision for country risk		**(3,437)**	(8,186)
Provision for Non Performing Assets (including write offs net of write backs)		**5,157,530**	1,691,513
Provision for Employee Benefits including bonus		**25,398**	164,106
Operating profit before working capital changes		**5,675,822**	7,017,529
Decrease / (Increase) in Investments (excluding HTM investments)		**318,627**	(38,092,564)
(Increase) in Advances		**(18,125,297)**	(11,829,324)
(Increase) / Decrease in Other Assets		**(35,686,310)**	7,198,109
(Decrease) / Increase in Borrowings (excluding Subordinated debt)		**(7,183,746)**	20,202,791
Increase in Deposits		**19,842,586**	25,656,046
Increase / (Decrease) in Other liabilities and provisions		**39,489,327**	(5,825,694)
		4,331,009	4,326,893
Income Tax Paid		**(1,911,413)**	(2,733,019)
Net cash from operating activities	**A**	**2,419,596**	1,593,874
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets / Capital work in progress (net of write off)		**(272,760)**	(322,221)
Proceeds from sale of Fixed Assets		**305**	303
Redemption in HTM investments		**350,000**	4,350,000
Net cash from investing activities	**B**	**77,545**	4,028,082
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional Capital from Head Office		**10,835,540**	-
(Decrease) / Increase Subordinated debt		**(15,683,596)**	32,357
Net cash from financing activities	**C**	**(4,848,056)**	32,357
Net (decrease) / increase in cash and cash equivalents	**(A+B+C)**	**(2,350,915)**	5,654,313
Cash and cash equivalents at the beginning of the year		**24,536,204**	18,881,891
Cash and cash equivalents at the end of the year		**22,185,289**	24,536,204
Notes: Cash and cash equivalents represent			
Cash and balances with Reserve Bank of India (refer schedule 6)		**8,689,080**	9,728,169
Balances with banks and money at call and short notice (refer schedule 7)		**13,496,209**	14,808,035
Total		**22,185,289**	24,536,204

As per our report of even date attached.

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

Sd/-
Akeel Master
Partner
Membership No: 046768

Mumbai
22 May 2014

For **DBS Bank Ltd., India**

Sd/-
Sanjiv Bhasin
General Manager and Chief Executive Officer

Sd/-
Rajesh Prabhu
Managing Director and Chief Financial Officer

Mumbai
22 May 2014

DBS BANK

INDIA

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

	31 Mar 2014	31 Mar 2013
1 CAPITAL		
Amount of deposit kept with the RBI under Section 11(2)(b) of the Banking Regulation Act, 1949 (Face Value)	**4,230,000**	3,000,000
Opening Balance	**14,603,321**	14,603,321
Add: Additional capital received from Head Office during the year	**10,835,540**	–
Total	**25,438,861**	14,603,321
2 RESERVES AND SURPLUS		
A Statutory Reserve		
Opening Balance	**3,697,764**	2,976,422
Additions during the year	**5,615**	721,342
Deductions during the year	–	–
	3,703,379	3,697,764
B Capital Reserve (refer schedule 18 note [5])		
Opening Balance	**5,096**	5,096
Additions during the year	–	–
Deductions during the year	–	–
	5,096	5,096
C Investment Reserve Account (refer schedule 18 note [49])		
Opening Balance	**236,517**	182,367
Additions during the year	–	54,150
Deductions during the year	**79,569**	–
	156,948	236,517
D Capital retained in India for CRAR purposes		
Opening Balance	**7,790,095**	5,990,095
Additions during the year	**1,370,000**	1,800,000
Deductions during the year	–	–
	9,160,095	7,790,095
E Balance in Profit and Loss Account	**1,696,473**	2,970,058
F Deferred Tax Reserve	**536**	536
Total	**14,722,527**	14,700,066
3 DEPOSITS		
A (I) Demand Deposits		
(i) From banks	–	–
(ii) From others	**16,743,164**	7,879,248
	16,743,164	7,879,248
(II) Saving Bank Deposits	**2,255,050**	1,714,746
(III) Certificate of Deposits	–	–
(IV) Term Deposits		
(i) From banks	–	–
(ii) From others	**155,720,636**	145,282,270
	155,720,636	145,282,270
Total	**174,718,850**	154,876,264

(Currency: Indian rupees in thousands)

	31 Mar 2014	31 Mar 2013
B (i) Deposits of branches in India	**174,718,850**	154,876,264
(ii) Deposits of branches outside India	–	–
Total	**174,718,850**	154,876,264
4 BORROWINGS		
I Borrowings in India		
(i) Reserve Bank of India	**57,090,000**	42,650,000
(ii) Other banks	**29,932,500**	35,952,900
(iii) Other institutions and agencies	**11,435,710**	15,637,470
	98,458,210	94,240,370
II Borrowings outside India	**23,182,227**	34,583,813
III Subordinated Debt*	**23,966,000**	39,649,596
Total	**145,606,437**	168,473,779
Secured borrowings included in I, II and III above	**68,525,710**	58,287,470

* Subordinated debt in the nature of long term borrowings in foreign currency from Head Office.

	31 Mar 2014	31 Mar 2013
5 OTHER LIABILITIES AND PROVISIONS		
I Bills Payable	**82,604**	196,638
II Inter Office adjustments (net)	–	–
III Interest Accrued	**2,027,359**	1,329,824
IV Contingent Provision against Standard Advances	**626,352**	595,644
V Contingent Provision against Derivatives exposures	**353,412**	219,894
VI Others (including provisions)	**91,049,734**	52,085,959
Total	**94,139,461**	54,427,959
6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	**26,401**	32,711
II. Balances with Reserve Bank of India		
(i) In Current Accounts	**8,662,679**	8,445,458
(ii) In Other Accounts	–	1,250,000
	8,689,080	9,695,458
Total	**8,689,080**	9,728,169

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SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

	31 Mar 2014	31 Mar 2013
7 BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE		
I In India		
(i) Balance with Banks		
(a) In Current Accounts	**39,077**	66,645
(b) In Other Deposit Accounts	**1,018,555**	–
	1,057,632	66,645
(ii) Money at Call and Short Notice – with other institutions	**5,082,612**	749,302
	6,140,244	815,947
II Outside India		
(i) In Current Accounts	**7,355,965**	13,992,088
(ii) In Other Deposit Accounts	–	–
(iii) Money at Call and Short Notice	–	–
	7,355,965	13,992,088
Total	**13,496,209**	14,808,035
8 INVESTMENTS		
Investments in India in		
(i) Government securities *	**115,864,351**	108,880,314
(ii) Other approved securities	–	–
(iii) Shares	–	–
(iv) Debentures and Bonds	**3,500,920**	2,354,543
(v) Subsidiaries and Joint Ventures	–	–
(vi) Others (Certificate of Deposits, Commercial Papers, Deposit with Small Industries Development Bank of India and Pass through Certificates)	**61,451,809**	70,437,830
Total	**180,817,080**	181,672,687
Gross Investments in India	**181,007,609**	181,676,236
Less: Provision for depreciation	**190,529**	3,549
Net Investments in India	**180,817,080**	181,672,687

*** Includes :**

(A) Securities pledged as margin with CCIL (Clearing Corporation of India Limited) INR 784,776 thousands (Previous Year: INR 443,183 thousands)

(B) Securities held u/s 11(2)(b) with Reserve Bank of India INR 4,166,147 thousands (Previous Year: INR 2,956,727 thousands)

(C) Securities pledged as collateral for LAF (Liquidity Adjustment Facility) / MSF (Marginal Standing Facility) INR 57,302,228 thousands (Previous Year: INR 43,277,255 thousands)

(D) Securities held with CCIL for borrowings under CBLO (Collateralised Borrowing and Lending Obligation) INR 6,437,467 thousands (Previous Year: INR 15,078,352 thousands)

(E) Securities kept as margin for RTGS (Real Time Gross Settlement) INR 31,019,145 thousands (Previous Year: INR 41,787,297 thousands)

(Currency: Indian rupees in thousands)

	31 Mar 2014	31 Mar 2013
9 ADVANCES		
A (i) Bills purchased and discounted	**34,980,642**	36,506,005
(ii) Cash credits, overdrafts and loans repayable on demand	**93,539,255**	86,451,729
(iii) Term Loans	**23,028,472**	15,622,868
Total	**151,548,369**	138,580,602
B (i) Secured by tangible assets *	**78,284,889**	66,389,138
(ii) Covered by Bank/ Government Guarantees**	**16,975,106**	13,923,819
(iii) Unsecured	**56,288,374**	58,267,645
Total	**151,548,369**	138,580,602
C I Advances in India		
(i) Priority Sectors	**46,660,539**	43,840,737
(ii) Public Sectors	–	4,550,000
(iii) Banks	–	–
(iv) Others	**104,887,830**	90,189,865
II Advances outside India	–	–
Total	**151,548,369**	138,580,602

* includes secured by book debts and stocks

** includes advances covered by Letters of credit issued by other banks

	31 Mar 2014	31 Mar 2013
10 FIXED ASSETS		
I Premises		
Cost on 31st March of the preceding year	–	–
Additions during the year	–	–
Deductions during the year	–	–
	–	–
Depreciation to date	–	–
Net book value of Premises	–	–
II Other Fixed Assets (including furniture and fixtures)		
Cost on 31st March of the preceding year	**1,202,438**	1,109,637
Additions during the year	**407,308**	196,135
Deductions during the year	**(11,003)**	(103,334)
	1,598,743	1,202,438
Depreciation to date	**(1,085,543)**	(811,784)
Net book value of Other Fixed Assets	**513,200**	390,654
III Capital work-in-progress	**2,525**	137,070
Total (I+II+III)	**515,725**	527,724

DBS BANK

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SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

	31 Mar 2014	31 Mar 2013
11 OTHER ASSETS		
(i) Inter Office adjustments (net)	–	–
(ii) Interest accrued	**2,139,054**	1,830,095
(iii) Tax paid in advance/Tax Deducted at Source (net of provisions)	**1,150,900**	601,144
(iv) Stationery & Stamps	–	–
(v) Deferred Tax Asset (refer schedule 18 note [35])	**3,137,636**	1,578,201
(vi) Non-banking assets acquired in satisfaction of claims	–	–
(vii) Others	**93,132,083**	57,754,732
Total	**99,559,673**	61,764,172
12 CONTINGENT LIABILITIES		
(i) Claims against the bank not acknowledged as debts	–	–
(ii) Liability for partly paid investments	–	–
(iii) Liability on account of outstanding foreign exchange contracts	**2,872,930,362**	2,633,061,787
(iv) Liability on account of outstanding Currency and Interest Rate Swap and Option contracts	**2,239,689,801**	2,345,075,597
(v) Guarantees given on behalf of constituents		
– in India	**30,164,524**	37,942,508
– outside India	**9,517,063**	10,384,590
(vi) Acceptances, endorsements and other obligations	**15,894,307**	12,370,680
(vii) Other items for which the Bank is contingently liable	**3,769,321**	38,987
Total	**5,171,965,378**	5,038,874,149

SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	31 Mar 2014	31 Mar 2013
13 INTEREST EARNED		
(i) Interest/discount on advances/bills	**12,112,893**	11,066,266
(ii) Income on investments	**13,272,839**	14,385,208
(iii) Interest on balances with RBI and other inter-bank funds	**219,632**	140,402
(iv) Others	–	–
Total	**25,605,364**	25,591,876
14 OTHER INCOME		
(i) Commission, exchange and brokerage	**2,219,349**	3,478,938
(ii) Net Profit/(Loss) on sale of investments	**44,627**	125,874
(iii) Net Profit on sale of land, buildings and other assets	**305**	303
(iv) Net Profit/(Loss) on Foreign Exchange and Derivative transactions	**263,799**	(2,363,707)
(v) Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India	–	–
(vi) Miscellaneous Income	**25,053**	46,175
Total	**2,553,133**	1,287,583
15 INTEREST EXPENDED		
(i) Interest on Deposits	**11,604,083**	9,061,877
(ii) Interest on RBI/ Inter-bank borrowings *	**6,112,960**	6,297,049
(iii) Others	–	–
Total	**17,717,043**	15,358,926

* including interest on Repos, CBLOs and Subordinated Debt

	31 Mar 2014	31 Mar 2013
16 OPERATING EXPENSES		
(i) Payments to and provisions for employees	**2,343,252**	2,120,278
(ii) Rent, taxes and lighting	**578,409**	699,299
(iii) Printing and Stationery	**15,147**	14,915
(iv) Advertisement and publicity	**46,963**	70,128
(v) Depreciation on Bank's property	**284,339**	197,758
(vi) Auditor's fees and expenses	**4,295**	3,875
(vii) Law Charges	**10,730**	32,888
(viii) Postage, Telegram, Telephone, etc.	**43,813**	40,493
(ix) Repairs and maintenance	**56,617**	61,275
(x) Insurance	**196,194**	177,450
(xi) Brokerage charges	**98,003**	97,065
(xii) Professional Fees	**112,352**	83,337
(xiii) Head Office Expenses (refer schedule 18 note [49])	**43,337**	187,550
(xiv) Computerisation and related expenses	**716,038**	554,394
(xv) Travelling expenses	**107,409**	91,462
(xvi) Fixed assets written off	**420**	16,518
(xvii) Other Expenditure	**418,166**	432,398
Total	**5,075,484**	4,881,083

SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(Currency: Indian rupees in thousands)

	31 Mar 2014	31 Mar 2013
17 PROVISIONS AND CONTINGENCIES		
Provisions for contingent credit	**35,988**	76,512
Provision for Non Performing Assets (including write offs net of write backs)	**5,157,530**	1,691,513
Provision for Standard Asset (including credit exposure on derivatives)	**164,226**	38,866
Provision/(Write-back of provision) for Depreciation on Investments	**186,980**	(124,534)
Provision for Tax		
– Current Income-Tax	**1,361,657**	2,809,495
– Deferred Tax credit	**(1,559,435)**	(729,584)
Write-back of Provision for Country Risk	**(3,437)**	(8,186)
Total	**5,343,509**	3,754,082

Schedule 18: Significant Accounting Policies and Notes to Accounts

1. Background

The accompanying financial statements for the year ended 31 March 2014 comprise the accounts of the India branches of DBS Bank Ltd. ('the Bank'), which is incorporated in Singapore. The India branches of the Bank as at 31 March 2014 are located at Mumbai, New Delhi, Bengaluru, Chennai, Pune, Kolkata, Nashik, Surat, Salem, Moradabad, Kolhapur and Cuddalore.

2. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention, on an accrual basis of accounting, unless otherwise stated and in accordance with Generally Accepted Accounting Principles ('GAAP') in India, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, the Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices prevailing within the banking industry in India. The accounting policies have been consistently applied except for the changes in accounting policies disclosed in these financial statements.

3. Use of estimates

The preparation of financial statements, in conformity with GAAP, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

4. Significant accounting policies

(i) Advances

Advances are classified as performing and non-performing based on management's periodic internal assessment and RBI prudential norms. Advances are stated net of bills rediscounted, specific loan provisions, write offs including the diminution in the fair value of Restructured Accounts. Provision for loan losses are made in respect of identified advances based on management's assessment of degree of impairment, subject to minimum provisioning levels prescribed by the RBI guidelines.

The Bank also maintains a general loan loss provision on Standard Advances and Derivative Exposures at rates as prescribed by RBI, and discloses the same in Schedule 5 ('Other liabilities and Provisions'). In addition, the Bank maintains provision for country risk in accordance with RBI guidelines and the same is included under Schedule 5 ('Other liabilities and Provisions').

(ii) Investments

Classification

Investments, are recognised on settlement date (i.e. value date) basis and are classified as Held for Trading ('HFT'), Available for Sale ('AFS') or Held to Maturity ('HTM') in accordance with RBI guidelines.

In the financial statements, investments are disclosed under six categories as set out in Schedule 8 – Investments.

4. Significant accounting policies *(Continued)*

(ii) Investments (Continued)

Acquisition Cost

In determining acquisition cost of an investment:

- Brokerage, Commission, etc. paid at the time of acquisition, are charged to Profit and Loss Account.
- Cost of investments is determined using First in First Out method.
- Broken period interest on debt instruments is accounted for in accordance with RBI guidelines.

Disposal of Investments

Profit/Loss on sale of investments under the HFT and AFS categories are recognised in the Profit and Loss Account.

The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserves is appropriated from "Profit and Loss Account" to "Capital Reserve Account". Loss on sale, if any, is recognized in the Profit and Loss Account.

Valuation

Investments classified under the HFT and AFS categories are valued at lower of acquisition cost or market value in aggregate for each category of investment, in accordance with the guidelines issued by the RBI and based on the rates as published by Primary Dealers Association of India ('PDAI') jointly with the Fixed Income Money Market and Derivatives Association of India ('FIMMDA'). Treasury Bills, Commercial Paper and Certificate of Deposits are held at carrying cost. All other Non SLR investments are valued by applying the mark up above the corresponding yield on GOI securities as directed by the RBI. Net depreciation is recognised in the Profit and Loss Account and net appreciation, (if any) is ignored per category of investment classification. Consequent to revaluation, the book value of the individual security is not changed.

In accordance with the RBI's Master Circular DBOD No BP.BC. 8 /21.04.141/2013-14 dated 01 July 2013, the provision on account of depreciation in the HFT and AFS categories in excess of the required amount is credited to the Profit and Loss Account and an equivalent amount (net of taxes if any and net of transfer of Statutory Reserve as applicable to such excess provision) is appropriated to an Investment Reserve Account. The provision required to be created on account of depreciation in the AFS & HFT categories is debited to the Profit and Loss Account and an equivalent amount (net of tax benefit, if any and net of consequent reduction in transfer to Statutory Reserves) is transferred from the Investment Reserve Account to the Profit and Loss Account.

Securities categorised under HTM are carried at acquisition cost, or at amortised cost if acquired at a premium over the face value. Such premium is amortised over the remaining period to maturity of the relevant security on a straight line basis.

Brokerage, commission, etc. paid at the time of sale is charged to the Profit and Loss Account.

Transfer of securities between categories

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

Accounting for Repurchase/Reverse-repurchase transactions

In accordance with RBI Circular DBOD No BP.BC. 8 /21.04.141/2013-14 dated 01 July 2013, Repurchase/Reverse-repurchase transactions (other than those under the Liquidity Adjustment Facility 'LAF' with RBI) are accounted as collateralized borrowing and lending. The difference between the clean price of the first leg and the clean price of the second leg is recognised as interest expense/income over the period of the transaction.

(iii) Foreign Exchange

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Profit and Loss Account. Monetary assets and liabilities in foreign currencies are translated at the period end at the rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant gain or loss is recognised in the Profit and Loss Account. Contingent liabilities denominated in foreign currencies are disclosed at the closing rate of exchange as notified by FEDAI.

(iv) Derivative transactions

Derivatives comprise interest rate swaps, cross currency swaps, forward contracts and options. Forward contracts linked to FCNR (B) deposits under swap window as per RBI guidelines issued on September 6, 2013 are classified as hedges and rest are held for trading purposes.

Derivatives held for trading purposes are recognized at their fair values on inception and subsequently marked to market (MTM) on a daily basis. The resultant gain / loss is recorded in the Profit and Loss Account. Unrealised gains or losses on these products are reflected in the Balance Sheet under Other Assets or Other Liabilities respectively.

4. Significant accounting policies *(Continued)*

(iv) Derivative transactions (Continued)

Forward contracts classified as hedges are translated at the prevailing spot rate at the time of swap. The premium / discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortised over the period of the swap and it is recognized in the Profit and Loss Account

Option contracts are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the Profit and Loss Account and corresponding asset or liability is shown under Other Assets or Other Liabilities as the case may be. Premium received or premium paid is recognised in the Profit and Loss Account upon expiry or exercise of the option.

(v) Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit/functioning capability from/of such assets.

Fixed assets individually costing less than INR 40 thousands are fully expensed in the year of purchase.

Depreciation is provided on a straight line basis over the estimated useful life of the asset. The rates of depreciation as prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful/ remaining useful life. Pursuant to this policy, depreciation is provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV:

Assets	**Rate**
Office Equipment	20.00%
Computers (Hardware and Software)	33.33%
Furniture and Fixtures	20.00%
Motor Vehicles	20.00%

Leasehold Improvements is depreciated over the useful life of the lease or useful life, whichever is less.

Depreciation for the entire month is charged for the month in which the asset is purchased. Depreciation on assets sold during the year is charged to the Profit and Loss Account on a pro-rata basis up to the month prior to the month of sale.

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

(vi) Employee Benefits

Short term benefits

Employee benefit, payable wholly within twelve months of receiving employee services are classified as short- term employee benefits. These benefits include salaries, bonus and special allowance. The undiscounted amount of short- term employee benefits to be paid in exchange for employee services are recognized as an expense as the related service is rendered by employees.

Post retirement benefits

(a) ***Provident Fund:*** The Bank has its own trust for Provident Fund for the benefit of its employees. Contributions to the Provident Fund are recognised on an accrual basis and charged to the Profit and Loss Account. The Company's liability towards provident fund (for interest portion) being a defined benefit plan is accounted for on the basis of an independent actuarial valuation done at the year end and actuarial gains / losses are charged to the Profit and Loss Account as applicable.

(b) ***Gratuity***: The Bank has a Gratuity Fund for its employees under the Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India ('LIC'). The Bank's contribution towards the Fund is charged to the Profit and Loss Account. In terms of the revised Accounting Standard 15, provision is made towards Gratuity based on an actuarial valuation done by an independent actuary as at the year end, using the Projected Unit Credit Method. The fair value of the Fund's assets is compared with the gratuity liability, as actuarially determined, and the shortfall if any is provided for. Actuarial gains/losses are recognised in the Profit and Loss Account.

4. Significant accounting policies *(Continued)*

(vi) Employee Benefits (Continued)

Post retirement benefits (Continued)

(c) ***Compensated Absences***: The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long- term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of independent actuarial valuation using Projected Unit Credit Method.

(vii) Employee share based payment:

The eligible employees of the Bank have been granted stock awards under various plans, of equity shares of the ultimate holding company, DBS Bank Ltd, Singapore. As per the various plans, these stock awards vest in a graded manner over a period of two to four years. In accordance with the Guidance note on 'Share based payments' issued by the Institute of Chartered Accountants of India ('ICAI'), all the schemes are classified as equity settled schemes. The Bank has adopted fair value method of accounting for the shares whereby the fair value is computed based on the market value of the shares at the date of grant. The fair value of the shares awarded is amortised to the Profit and Loss Account in a graded manner over the vesting period of the shares.

(viii) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as Operating Leases. Operating Lease payments are recognised as an expense in the Profit and Loss Account over the lease term on straight line basis in accordance with the AS - 19, Leases.

(ix) Revenue Recognition

Income is recognised on an accrual basis in accordance with contractual arrangements except in case of interest on non-performing assets which is recognized on receipt basis as per RBI norms.

Income on non-coupon bearing discounted instruments and instruments which carry a premia on redemption is recognized over the tenor of the instrument on a straight line basis.

Fee income from issue of guarantees, buyer's credit and letter of credit is recognised over the life of the instrument instead of recognising the same at the inception of the transaction.

(x) Taxation

Provision for tax comprises current tax and net change in deferred tax assets and liability during the year. Current tax provisions represent the estimated liability on income tax as determined in accordance with the provisions of the Income Tax Act, 1961. Wealth Tax liability is determined in accordance with the provisions under the Wealth Tax Act, 1957. Deferred tax adjustments reflect the changes in the deferred tax assets or liabilities during the year. Deferred taxation is provided on timing differences between the accounting and tax statement on income and expenses. Deferred tax assets \ liabilities are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantially enacted by the Balance Sheet date.

(xi) Net Profit

Net profit is computed after:

- Provision for loan losses/write offs, provision for off balance sheet exposure to NPA customer, country risk provision, general loan loss provision on standard assets and derivatives, provision for diminution in fair value of Restructured Loans;
- Provision for diminution in the value of investments;
- Provision for income tax;
- Provision for deferred taxation;
- Charge for head office administrative expenses for the year; and
- Other usual and necessary provisions.

(xii) Provisions, Contingent Liabilities and Contingent Assets

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, provision is recognized when the Bank has a present obligation as a result of past events where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(Currency: Indian rupees in thousands)

4. Significant accounting policies *(Continued)*

(xii) Provisions, Contingent Liabilities and Contingent Assets (Continued)

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, 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
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

5. Capital Reserve

Capital Reserves disclosed in Schedule 2 includes bank balances and fixed assets transferred by the erstwhile Development Bank of Singapore Ltd., Mumbai Representative Office to the Bank upon closure of the Representative Office.

6. Capital

The Bank follows RBI guidelines for calculation of capital adequacy under BASEL III requirements. Credit Risk is calculated using the Standardised Approach, Operational Risk is calculated using the Basic Indicator Approach and Market Risk is computed in accordance with RBI guidelines with minimum capital requirement being expressed in terms of two specific charges – Specific Market Risk and General Market Risk. The capital adequacy ratio of the Bank, calculated as per Basel III requirement is set out below:

Particulars	As at 31 Mar 2014 As per Basel III	As at 31 Mar 2013 As per Basel II
Common Equity Tier 1 capital ratio (%)	**11.77%**	NA
CRAR - Tier I Capital (%)	**11.77%**	9.25%
CRAR - Tier II Capital (%)	**2.04%**	3.74%
CRAR (%)	**13.81%**	12.99%
Amount of eligible Subordinated Debt in Tier-II	**4,793,200**	8,685,600

In terms of the RBI circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated 28 March 2013, bank have been advised to disclose capital ratios computed under Basel III Capital regulations. Accordingly, capital ratios disclosed for the previous year are as computed under Basel II guidelines and not comparable.

7. Investments

Particulars	As at 31 Mar 2014	As at 31 Mar 2013
Value of investments (*)		
Gross value of investments	**181,007,609**	181,676,236
Less: Provision for depreciation	**190,529**	3,549
Net value of investments	**180,817,080**	181,672,687
Movement in Provisions held towards depreciation on investments		
Opening balance	**3,549**	128,083
Add: Provisions made during the year	**186,980**	–
Less: Write back of excess provisions during the year to Profit and Loss account	–	124,534
Closing Balance	**190,529**	3,549

(*) All investments are held in India.

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

8. Repo/Reverse Repo Transactions

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March
Securities sold under Repos				
i) Government securities	9,519,826	59,210,842	34,052,235	57,090,000
	(15,349,738)	(52,167,990)	(35,158,734)	(42,650,000)
ii) Corporate debt securities	–	–	–	–
	(–)	(–)	(–)	(–)
Securities purchased under Reverse Repos				
i) Government securities	–	7,499,860	48,684	–
	(–)	(2,350,000)	(13,392)	(1,250,000)
ii) Corporate debt securities	–	–	–	–
	(–)	(–)	(–)	(–)

(Figures in brackets indicate previous year figures)

Note: The above includes LAF deals done with the RBI

9. Non-Statutory Liquidity Ratio (SLR) Investment Portfolio

Issuer composition of Non-SLR Investments as at 31 March 2014 is stated below:

No	Issuer	Amount	Extent of "private placement"	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(i)	Public Sector Undertakings	–	–	–	–	–
		(–)	(–)	(–)	(–)	(–)
(ii)	Financial Institutions*	5,030,240	3,617,420	–	116,500	116,500
		(9,751,208)	(1,616,500)	(–)	(116,500)	(116,500)
(iii)	Banks	53,354,945	–	–	–	–
		(57,775,524)	(–)	(–)	(–)	(–)
(iv)	Private Corporates	5,283,047	–	–	–	–
		(923,070)	(–)	(–)	(–)	(–)
(v)	Subsidiaries / Joint ventures	–	–	–	–	–
		(–)	(–)	(–)	(–)	(–)
(vi)	Others#	1,284,497	1,284,497	–	–	1,284,497
		(4,342,579)	(4,342,579)	(–)	(–)	(4,342,579)
(vii)	Provision held towards depreciation	–	–	–	–	–
		(–8)	(–8)	(–)	(–)	(–)
	Total	**64,952,729**	**4,901,916**	**–**	**116,500**	**1,400,997**
		(72,792,373)	**(5,959,071)**	**(–)**	**(116,500)**	**(4,459,079)**

(Figures in brackets indicate previous year figures)

* includes investments in NBFC issuances

Others represent investment in Pass Through Certificate ('PTCs')

10. Non performing Non – SLR Investments

Non performing Non – SLR Investments as at 31 March 2014 were INR Nil (Previous Year: INR Nil).

11. Derivatives – Interest Rate Swap/Forward Rate Agreements

The Bank deals in Interest Rate Swaps/Forward Rate Agreements (FRAs).

Particulars	As at 31 Mar 2014	As at 31 Mar 2013
Notional principal of Interest Rate Swaps	**1,998,621,234**	2,107,708,913
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**11,673,024**	9,250,329
Collateral required by the bank upon entering into swaps	–	–
Concentration of credit risk arising from the swaps (exposure to banking industry)	**90%**	92%
The fair value of the swap book [asset / (liability)]	**588,184**	1,433,490

(Currency: Indian rupees in thousands)

11. Derivatives – Interest Rate Swap/Forward Rate Agreements *(Continued)*

In terms of the guidelines issued by RBI, the following additional information is disclosed in respect of outstanding Interest Rate Swaps/FRAs as at year end:

Benchmark	Terms	31 March 2014		31 March 2013	
		Nos.	Notional Principal	Nos.	Notional Principal
6 Month MIFOR	Pay Fixed Receive Floating	**189**	**95,215,000**	228	114,731,500
6 Month MIFOR	Receive Fixed Pay Floating	**189**	**115,507,250**	220	140,973,460
6 Month EURIBOR	Pay Fixed Receive Floating	–	–	15	605,599
6 Month EURIBOR	Receive Fixed Pay Floating	–	–	15	605,599
OIS 1 year	Pay Fixed Receive Floating	**571**	**588,470,089**	456	549,750,389
OIS 1 year	Receive Fixed Pay Floating	**538**	**539,520,076**	406	474,981,397
OIS 6 months	Receive Fixed Pay Floating	**210**	**90,559,815**	719	310,367,024
OIS 6 months	Receive Fixed Pay Floating	**219**	**92,511,345**	725	304,610,575
OIS 6M COM	Pay Fixed Receive Floating	**342**	**133,052,452**	–	–
OIS 6M COM	Receive Fixed Pay Floating	**317**	**124,400,000**	–	–
JPY Libor 6 months	Pay Fixed Receive Floating	–	–	2	97,443
JPY Libor 6 months	Receive Fixed Pay Floating	–	–	1	84,753
USD Libor 1 month	Pay Floating Receive Floating	–	–	1	338,510
USD Libor 1 month	Pay Fixed Receive Floating	**4**	**2,796,233**	6	2,913,476
USD Libor 1 month	Receive Floating Pay Floating	–	–	1	338,510
USD Libor 1 month	Receive Fixed Pay Floating	**4**	**2,796,233**	6	2,913,476
USD BS Libor 3 months	Receive Floating Pay Floating	**28**	**9,155,969**	24	9,227,877
USD BS Libor 1 month 6 months	Receive Floating Pay Floating	**5**	**1,484,861**	5	1,574,265
USD Libor 3 months	Pay Fixed Receive Floating	**94**	**38,091,973**	94	30,602,945
USD Libor 3 months	Receive Floating Pay Floating	**3**	**168,511**	4	576,354
USD Libor 3 months	Receive Fixed Pay Floating	**93**	**37,080,908**	93	29,540,995
USD Libor 3 months	Pay Floating Receive Floating	**9**	**2,243,875**	10	3,181,164
USD BS Libor 1 month 3 months	Pay Floating Receive Floating	**1**	**2,396,600**	1	2,171,400
USD BS Libor 1 month 3 months	Receive Floating Pay Floating	**1**	**2,396,600**	1	2,171,400
USD Libor 6 months	Pay Fixed Receive Floating	**95**	**62,578,254**	109	64,010,197
USD Libor 6 months	Receive Floating Pay Floating	**87**	**56,638,052**	93	58,784,654
USD Libor 6 months	Receive Floating Pay Floating	**11**	**1,557,138**	16	2,555,951
Total		**3,010**	**1,998,621,234**	**3,251**	**2,107,708,913**

All interest rate swaps have been entered into with reputed counterparties under approved credit lines and are in the nature of trading. Management believes that these transactions carry negligible credit risk and no collateral is insisted upon from the counterparty as per market practice.

These interest rate swaps/FRAs are accounted for as per the accounting policy set out in schedule 18 note 4 (iv).

12. Exchange Traded Derivatives

The Bank did not deal in Exchange Traded Derivatives during the year ended 31 March 2014. (Previous Year: INR Nil).

13. Disclosure on Risk Exposure in Derivatives

Qualitative Disclosures

The Bank undertakes transactions in derivative contracts either in the role of a user or as a market maker. The Bank ensures that by undertaking such transactions, additional risk assumed (if any) is within the limits governed by the relevant policies and guidance under the Integrated Risk Framework and as approved by the Risk Committee.

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

13. Disclosure on Risk Exposure in Derivatives *(Continued)*

Qualitative Disclosures (Continued)

Derivative exposures are subject to Market Risk Control and Risk Appetite Limits separately calibrated for the Trading and Banking books. These entity level limits are administered at Head Office and monitored by Head Office as well as locally. Appetite Limit is for VaR. Control Limits are for sensitivities to interest rates and FX rates, as well as Risk Class Contribution grids, which measure first order, as well as higher order risks for interest rate and FX products, including options. The setting of the Risk Appetite Limit takes into consideration the Bank's risk bearing capacity, level of business activity, operational considerations, market volatility and utilisation. The limit calibration process is dynamic and aims to consistently maintain and enhance the relevance of the various applicable limits as risk capacity, risk consumption and market behaviour changes. Carved out of the control limits at entity level are granular business level sensitivity limits for interest rates at product, desk / trader book and tenor levels for each currency and for FX at desk / trader book level for each currency.

Forward contracts linked to FCNR (B) deposits under swap window as per RBI guidelines issued on September 6, 2013 are held in banking book and rest all trades entered by the Bank are undertaken in the trading book and valued in line with the accounting policy (schedule 18 note 4[iv]). Additionally, these trades may be on account of proprietary positions or for covering customer transactions.

The Bank has a Credit Risk Management unit which is responsible for setting up counterparty limits for all transactions including derivatives on the basis of the counter-party's control structure. While setting up these limits, the Bank follows rigorous appraisal principles and procedures similar to those for loan limits. Typically these exposures remain unsecured in line with market, wherein customers do not make available collateral against derivative or foreign exchange limits. Additionally, the Bank independently evaluates the Potential Credit Exposure ('PCE') on account of all derivative transactions, wherein limits are separately specified by product and tenor.

The Bank applies the Current Exposure method to assess credit risk associated with Derivatives and Foreign Exchange contracts. Credit risk on a contract is computed as the sum of its mark-to-market value if positive and its potential future exposure which is calculated based on its notional value and its residual maturity. The Bank has made a provision on such credit exposures in accordance with RBI Circular DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 1, 2013.

Quantitative Disclosures

Sr No	Particular	Currency Derivatives #	Interest Rate Derivatives
1	**Derivatives (Notional Principal Amount)**		
	(a) – For Hedging**	30,077,330	–
	(b) – For Trading	3,083,584,577	1,998,958,256
2	**Marked to Market Positions**		
	(a) – Asset	76,818,657	11,673,024
	(b) – Liability	75,035,133	11,084,840
3	**Credit Exposure**	161,659,615	25,704,345
4	**Likely impact of 1% change in interest rates (100*PV01)**		
	(a) – On Hedging Derivatives**	(37,973)	–
	(b) – On Trading Derivatives	201,956	(178,326)
5	**Maximum & Minimum of 100*PV01 observed during the year**		
	(a) – On Hedging : Maximum**	–	–
	Minimum	(81,304)	–
	(b) – On Trading : Maximum	663,076	141,318
	Minimum	(13,062)	(383,970)

Currency Derivatives includes Foreign Exchange contracts.

** The same is pertaining to contracts which are linked to FCNR (B) deposits under swap window as per RBI guidelines issued on September 6, 2013 and are held in banking book.

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

14. Non Performing Assets (Funded)

Particulars	31 Mar 14	31 Mar 13
(i) Net NPA to Net Advances (%)	**10.19%**	2.37%
(ii) Movement in Gross NPAs		
(a) Opening Balance	**5,820,327**	2,146,623
(b) Additions during the year	**17,676,995**	4,236,391
Sub Total (A)	**23,497,322**	6,383,014
Reductions during the year		
(a) Up gradations	–	–
(b) Recoveries	**368,725**	148,099
(c) Technical/ Prudential write-offs	–	–
(d) Write-offs	**1,972,216**	414,588
Sub Total (B)	**2,340,941**	562,687
Gross NPAs as on 31 Mar (A-B)	**21,156,381**	5,820,327
(iii) Movement in provisions for NPAs		
(a) Opening Balance	**2,530,690**	1,372,266
(b) Provisions made during the year *	**5,259,308**	1,718,412
(c) Write off / Write back of excess provisions **	**2,073,994**	559,988
(d) Closing Balance	**5,716,004**	2,530,690
(iv) Movement in Net NPAs		
(a) Opening Balance	**3,289,637**	774,357
(b) Additions during the year	**13,932,180**	3,152,703
(c) Reductions during the year	**1,781,440**	637,423
(d) Closing Balance	**15,440,377**	3,289,637

* Includes an amount of INR 355,430 thousands (Previous Year: INR 28,900 thousands) pertaining to provision in lieu of diminution in the fair value of restructured accounts

** Includes an amount of INR Nil thousands (Previous Year: INR 120,000 thousands) not written back in the Profit and Loss account pertaining to surplus on sale of NPA to Reconstruction company.

15. Non Performing Assets (NPA) provisioning coverage ratio

The NPA provisioning coverage ratio of the Bank was 27.02% as on 31 March 2014 (Previous Year: 43.48%).

16. Non Performing Assets (Mark to Market on derivative deals)

Basis the guidelines issued by RBI vide notification DBOD.No.BP.BC.31/21.04.157/2012-13 dated 23 July 2012, Crystallised Receivables – Positive MTM on terminated derivative deals overdue for more than 90 days and Positive MTM on Live deals for NPA Customers have been reported under “Schedule 11 - Other Assets” after netting of the “Suspense crystallised receivables” and “Suspense account Positive MTM”. The Gross value of crystallized receivables as on 31 March 2014 is INR 407,607 thousands (Previous Year: INR 247,635 thousands) and the Net value is INR Nil (Previous Year: INR Nil).

17. Concentration of Gross NPA’s

Particulars	31 Mar 14	31 Mar 13
Total Exposure to top four NPA accounts	**11,579,692***	4,185,291

* This includes exposure to Non Funded facilities of INR 13,208 thousands (Previous Year: includes exposure to Non Funded facilities of INR 142,199 thousands and unutilized limit of INR 1,004 thousands).

18. Sector-wise Gross NPAs

Sector	Percentage of NPAs to Total Advances in that sector	
	31 Mar 14	31 Mar 13
Agriculture & allied activities	–	–
Industry (Micro & small, Medium and Large)	**13.49%**	3.68%
Services	**13.74%**	7.78%
Personal Loans	–	–

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(Currency: Indian rupees in thousands)

19. Concentration of Deposits

Particulars	31 Mar 14	31 Mar 13
Total Deposits of twenty largest depositors	**94,791,172**	81,990,994
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	**54.25%**	52.94%

20. Concentration of Advances

Particulars	31 Mar 14	31 Mar 13
Total Advances to twenty largest borrowers	**82,875,941**	75,388,480
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	**25.58%**	25.20%

Advances have been computed as per the definition of Credit Exposure including derivatives as prescribed in RBI's Master Circular DBOD.No.Dir.BC.13/13.03.00/2013-14 dated 01 July 2013.

21. Concentration of Exposures

Particulars	31 Mar 14	31 Mar 13
Total Exposure to twenty largest borrowers/customers	**84,196,876**	75,388,480
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	**25.06%**	24.47%

Exposures are computed based on Credit and Investment exposure as prescribed in RBI's Master Circular DBOD.No.Dir. BC.13/13.03.00/2013-14 dated 01 July 2013.

22. Overseas Assets, NPAs and Revenue

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

23. Off Balance Sheet Sponsored Special Purpose Vehicles

The Bank did not have any off balance sheet sponsored Special Purpose Vehicle as at 31 March 2014 (Previous Year: INR Nil).

24. Loan Restructuring

S No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on 01 April 2013	No. of borrowers		1			1												1			1
		Amount outstanding		300,000			300,000												300,000			300,000
		Provision thereon		84,400*			84,400*												84,400*			84,400*
2	Fresh restructuring	No. of borrowers		1	1		2												1	1		2
		Amount outstanding		29,847*	1,627,468***		1,657,315												29,847	1,627,468***		1,657,315
		Provision thereon		9,811**	977,481***		987,292												9,811**	977,481***		987,292
3	Upgradations to restructured standard category during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014

(Currency: Indian rupees in thousands)

24. Loan Restructuring *(Continued)*

S No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the the beginning 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		-7,015 ***	7,015 ***		-												-7,015 ***	7,015 ***		-
		Provision thereon		-7,015 ***	-7,015 ***														-7,015 ***	-7,015 ***		
6	Write-offs of restructured accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
7	Restructured Accounts as on 31 March 2014	No. of borrowers		1	2		3												1	2		3
		Amount outstanding		29,847	1,634,483 ***		1,664,330												29,847	1,634,483 ***		1,664,330
		Provision thereon		9,811**	983,496 ****		993,307												9,811**	983,496 ****		993,307

Note: Amount o/s represents Funded outstanding

* Includes INR 28,900 thousand pertaining to provision in lieu of diminution in the fair value of restructured accounts

** Includes INR 2,270 thousand pertaining to provision in lieu of diminution in the fair value of restructured accounts

*** During the year, from the opening balance there was recovery of INR 292,285 thousands and balance amount INR 7,015 thousands has been downgraded to Doubtful category. The same has been shown in the Doubtful category under down gradations head with amount as INR 7,015 thousands

**** Includes INR 353,160 thousand pertaining to provision in lieu of diminution in the fair value of restructured accounts

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014
(Currency: Indian rupees in thousands)

24. Loan Restructuring *(Continued)*

S No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on 01 April 2012	No. of borrowers													1		1			1		1
		Amount outstanding													75,000		75,000			75,000		75,000
		Provision thereon													75,000		75,000			75,000		75,000
2	Fresh restructuring	No. of borrowers		1			1												1			1
		Amount outstanding		300,000*			300,000*												300,000*			300,000*
		Provision thereon		84,400*			84,400*												84,400*			84,400*
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 the beginning the next FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
5	Downgradations of restructured accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
6	Write-offs of restructured accounts during the FY	No. of borrowers													1		1			1		1
		Amount outstanding													49,800**		49,800**			49,800**		49,800**
		Provision thereon													49,800**		49,800**			49,800**		49,800**
7	Restructured Accounts as on 31 March 2013	No. of borrowers		1			1												1			1
		Amount outstanding		300,000*			300,000*												300,000*			300,000*
		Provision		84,400*			84,400*												84,400*			84,400*

Note: Amount o/s represents Funded outstanding
* Includes INR 28,900 thousand pertaining to provision in lieu of diminution in the fair value of restructured accounts
** During the year, recovery of INR 25,200 thousands was made and balance amount was written off

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014
(Currency: Indian rupees in thousands)

25. Financial Assets sold to Securitisation/Reconstruction Companies for Asset Reconstruction

Particulars	31 Mar 14	31 Mar 13
(i) No. of accounts	–	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	–	
(iii) Aggregate consideration	–	120,000
(iv) Additional consideration realized in respect of accounts transferred in earlier years	–	–
(v) Aggregate loss over net book value	–	120,000

26. Details of non-performing financial assets purchased/sold

There were no purchases or sales of non-performing financial assets from/to other banks during the year ended 31 March 2014 (Previous Year: INR Nil).

27. Provision for Standard Assets and Derivatives

Particulars	31 Mar 14	31 Mar 13
General Loan Loss Provision on Standard Assets	**626,352**	595,644
General Provision on Credit Exposures on Derivatives	**353,412**	219,894

28. Business Ratios

Particulars	31 Mar 14	31 Mar 13
i Interest Income to working funds	**6.19%**	6.36%
ii Non-interest income to working funds	**0.62%**	0.32%
iii Operating profits to working funds	**1.30%**	1.65%
iv Return on Assets	**0.01%**	0.72%
v Business (deposits plus advances) per employee	**372,026**	356,570
vi Net Profit per employee	**26**	3,506
vii Percentage of Net NPA to Net Advances	**10.19%**	2.37%

Note: 1) Working funds are reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.
2) Return on Assets is with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).
3) Business volume has been computed based on advances & deposits (excluding interbank deposits) outstanding as at the year-end.
4) Employee numbers are those as at the year-end.

29. Exposure to Capital Market

Sr. No.	Particulars	31 March 14	31 March 13
(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 shares (including IPO's/ESOPS), convertible bonds, convertible debentures and units of equity oriented mutual funds	–	–
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	–	–
(iv)	Advances for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	**3,531,275**	4,400,000
(v)	Secured and unsecured advances to stockbrokers and 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 and unregistered)	–	–
	Total Exposure to Capital Market	**3,531,275**	4,400,000

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014
(Currency: Indian rupees in thousands)

30. Exposure to Real Estate Sector

Particulars	31 Mar 2014	31 Mar 2013
a) Direct Exposure	**13,838,184**	9,305,932
(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)	**780**	932
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	**13,837,404**	9,305,000
(iii) Investments in Mortgage backed Securities (MBS) and other securitised exposures – a. Residential, b. Commercial Real Estate.	–	–
b) Indirect Exposure	**3,923,566**	2,479,579
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	**3,923,566**	2,479,579
Total Exposure to Real Estate Sector	**17,761,750**	11,785,511

31. Risk Category Wise Country Risk Exposure

Provision for Country Risk Exposure in terms of RBI master circular DBOD.No.BP.BC.1/21.04.048/2012-13 dated 01 July 2013 is as follows:

Risk Category	Exposure (net) as at 31 March 2014	Provision held as at 31 March 2014	Exposure (net) as at 31 March 2013	Provision held as at 31 March 2013
Insignificant	**20,708,363**	**8,620**	21,831,000	12,057
Low	**3,623,371**	–	2,296,500	–
Moderate	**585,038**	–	2,313,437	–
High	**85,529**	–	122,868	–
Very high	**43,417**	–	761,931	–
Restricted	–	–	11,122	–
Off-credit	**2,616**	–	–	–
Total	**25,048,334**	**8,620**	**27,336,858**	**12,057**

Country risk provisions are held in addition to the provisions required to be held as per the asset classification status. In terms of the RBI circular, the provision is made for only those countries where the net funded exposure is not less than 1 percent of total assets. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirements are held.

32. Single Borrower and Group Borrower Exposure

During the year, the Bank's credit exposures ceiling to individual borrowers has been exceeded in United Spirits Limited. Approval of the India Management Committee has been obtained for exceeding the exposure ceiling in the above account.

33. Unsecured Advances

There are unsecured advances of INR 300,000 thousands (Previous Year: INR 100,000 thousands) for which Bank has taken charge over brand (intangible securities). The estimated value of the collateral is INR 371,860 thousands. (Previous Year: INR 216,410 thousands).

34. Penalties imposed by RBI

During the financial year under review, no penalty has been levied by RBI. (Previous Year: Nil).

(Currency: Indian rupees in thousands)

35. Deferred Taxes

The composition of Deferred Tax Asset/(Liability) is:

Particulars	31 Mar 2014	31 Mar 2013
Deferred tax assets (A):	**3,138,008**	1,578,855
– Depreciation on fixed assets	**54,515**	52,342
– Provision on advances	**2,925,933**	1,329,861
– Disallowance u/s 43B of Income Tax Act 1961	**74,297**	103,096
– Provision for employee benefits	**46,275**	35,762
– Amortisation of fee income	**36,988**	57,794
– Other Provisions	–	–
Deferred tax liabilities (B):	**(372)**	(654)
– Amortisation of club membership fees	**(372)**	(654)
Net Deferred tax assets (A-B)	**3,137,636**	1,578,201

36. Subordinated Debt

The Bank did not raise any Subordinated Debt during the year ended 31 March 2014. (Previous Year: INR Nil).

37. Maturity profile of assets and liabilities

	1 Day	2-7 Days	8-14 Days	15-28 Days	29 Days-3 Months	3-6 Months	6 Months-1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Deposits	2,286,711 (1,530,326)	19,552,436 (37,745,560)	21,337,588 (19,741,814)	15,134,430 (19,258,480)	35,074,058 (31,407,985)	28,211,097 (12,820,765)	4,200,240 (13,760,026)	47,020,454 (14,579,260)	822,855 (2,799,730)	1,078,981 (1,232,318)	174,718,850 (154,876,264)
Advances	4,315,625 (20,595,323)	8,585,776 (4,902,795)	5,164,595 (9,316,147)	15,728,664 (11,380,651)	42,005,072 (38,105,876)	26,829,594 (20,368,271)	8,859,357 (9,365,470)	14,271,266 (12,590,853)	22,959,439 (10,580,584)	2,828,981 (1,374,632)	151,548,369 (138,580,602)
Investments	73,518,793 (58,076,738)	7,545,102 (14,062,007)	6,378,708 (5,922,961)	4,994,467 (4,303,453)	13,895,340 (7,285,684)	14,081,697 (4,062,176)	45,673,736 (64,768,951)	6,498,486 (8,343,129)	176,623 (545,762)	8,054,128 (14,301,826)	180,817,080 (181,672,687)
Borrowings	76,524 (190,756)	87,604,442 (84,823,828)	11,085,685 (14,547,161)	235,018 (11,827,783)	171,283 (25,788,150)	6,317,174 (1,146,338)	15,577,900 (8,349,072)	24,538,411 (21,800,691)	– (–)	– (–)	145,606,437 (168,473,779)
Foreign Currency Assets (*)	10,376,021 (17,150,569)	356,714 (3,787,749)	2,927,515 (6,219,051)	11,496,160 6,099,210)	8,670,765 (11,146,366)	18,004,319 (10,041,048)	– (750,891)	– (–)	– (–)	32,375 (641,242)	51,863,869 (55,836,126)
Foreign Currency Liabilities (*)	3,206,681 (2,086,434)	544,686 (3,321,688)	92,364 (2,555,268)	155,629 (11,842,952)	202,473 (30,722,766)	7,042,225 (4,753,892)	15,712,991 (11,332,040)	56,337,036 (22,482,976)	23,990 (4,265)	– (–)	83,318,075 (89,102,281)

(Figures in brackets indicate previous year figures)

(*) Foreign currency assets and liabilities exclude off-balance sheet assets and liabilities and consequent unrealized profit/loss on the same.

The classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the returns submitted to RBI.

38. Segmental Reporting

As per the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.04.018/2006-07 dated April 18, 2007, the classification of exposures to the respective segments is being followed. With effect from 1st April 2012 due to internal reorganization, Funding Management Unit (FMU) which was part of treasury was carved out as a separate business segment. Accordingly the Bank has identified "Treasury", "Retail Banking" and "Corporate/Wholesale Banking" and "Funding Management Unit" as the primary reporting segments. The business segments have been identified and reported based on the organization structure, the nature of products and services offered, the internal business reporting system and the guidelines prescribed by RBI.

Treasury undertakes trading in bonds & other investment, derivatives trading and foreign exchange operations on the proprietary account and for customers. Revenues under this section primarily comprise fees, gains/losses from trading and interest income from the investment portfolio.

Retail Banking segment constitutes the business with individuals through the branch network and other delivery channels like ATM, Internet banking etc. This segment raises deposits from customers and provides fee based wealth management distribution services to such customers.

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014
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38. Segmental Reporting *(Continued)*

Corporate/Wholesale Banking caters to the Corporate and Institutional customers. This segment includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under "Retail Banking". These also include custody operations, payment and settlement operations and factoring advances. Small and medium enterprises are also included in Corporate/ Wholesale Banking.

FMU results depicts the net impact of the internal fund transfer pricing (FTP) policy of the Bank whereby FMU charges a FTP to each respective business for the asset owned by them and provides a FTP credit for liabilities raised by each business.

Segment revenues stated below are aggregate of Schedule 13- Interest income and Schedule 14- Other income.

The segment expenses comprise funding costs (external and internal), personnel costs and other direct and allocated overheads.

Segment results are determined basis the segment revenue, segment cost and inter-unit notional charges/recoveries for cost of funds.

	Treasury & Markets	Corporate/ Wholesale Banking	Retail Banking	Funding Management Unit	Total
Segmental Revenue	13,804,217	14,057,679	296,601	–	28,158,497
(external revenue)	*(12,291,573)*	*(14,376,869)*	*(211,017)*	*(–)*	*(26,879,459)*
Total Revenue					28,158,497
					(26,879,459)
Results	2,543,723	(2,390,309)	(386,344)	57,615	(175,316)
	**(3,134,736)*	*(2,041,219)*	*(- 624,825)*	**(414,149)*	*(4,965,279)*
Unallocated expenses					–
					(–)
Profit before tax and					(175,316)
extraordinary items					*(4,965,279)*
Tax					(197,778)
					(2,079,911)
Extraordinary profit/loss					–
					(–)
Net Profit after Tax					**22,462**
					(2,885,368)

	Treasury & Markets	Corporate/ Wholesale Banking	Retail Banking	Funding Management Unit	Total
Segment Assets	294,222,465	154,841,837	117,769	–	449,182,071
	(263,351,083)	*(140,063,468)*	*(115,291)*	*(–)*	*(403,529,842)*
Unallocated assets					5,444,065
					(3,551,547)
Total Assets					**454,626,136**
					(407,081,389)
Segment Liabilities	234,087,230	105,394,175	74,586,643	–	414,068,048
	(218,668,180)	*(115,451,805)*	*(42,964,268)*	*(–)*	*(377,084,253)*
Unallocated Liabilities					396,698
					(693,749)
Capital and Reserves					40,161,390
					(29,303,387)
Total Liabilities					**454,626,136**
					(407,081,389)

(Figures in brackets indicate previous year figures)

The Bank does not have overseas operations and operates only in the domestic segment.

* Previous year segment results have been internally reclassified to give effect to certain internal deals between Treasury & market and Funding management unit which were inadvertently not considered. Accordingly, net result of the previous year amounting to Rs. 1,601,629 thousands has been internally transferred from Treasury & Markets to Funding Management Unit.

(Currency: Indian rupees in thousands)

39. Related Parties

Related parties disclosures under AS 18 include:

Ultimate Parent

DBS Group Holding Limited

Parent

DBS Bank Ltd., Singapore

Branches of Parent/Subsidiaries of Parent

- DBS Bank (Hong Kong) Limited
- DBS Bank Ltd., London
- DBS Bank Ltd., Tokyo
- DBS Bank Ltd., Taipei
- DBS Bank Ltd., Los Angeles
- DBS Bank (China) Limited
- PT Bank DBS Indonesia

Entity over which the Bank exercises control

- DBS Bank Employees' Provident Fund Trust

Key Management Personnel

- Sanjiv Bhasin: General Manager and Chief Executive Officer

With regard to RBI Circular No. DBOD.BP.BC No.7 /21.04.018/2013-14 dated 01 July 2013, the Bank has not disclosed details pertaining to related parties where under a category, there is only one entity. Accordingly disclosures have only been made for transactions with "Branches of Parent / Subsidiaries of Parent".

Items/Related Party	31 Mar 2014	31 Mar 2013
Deposit	–	–
	–	–
Placement of Deposits	**164,816**	59,632
	(6,225,917)	(5,228,380)
Borrowings	**68**	68
	(2,995,818)	(2,171,468)
Guarantees/Derivatives/Forward Contracts	**4,236,807**	644,840
	(4,236,807)	(771,839)
Interest paid	**656**	474
Interest received	**111**	64
Rendering of services	**8,010**	736
Receiving of services	**14,119**	22,589

(Figures in brackets indicate maximum outstanding during the year)

Material related party transactions are given below:

A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category. Following were the material transactions between the Bank and its related parties:

Placement of Deposits:

Nostro deposit was placed with DBS Bank Ltd., Tokyo INR 34,627 thousands (Previous Year: INR 6,426 thousands), Nostro deposit was placed with DBS Bank Ltd., London INR 120,934 thousands (Previous Year: INR 51,585 thousands).

Guarantees/Derivatives/Forward Contracts:

Guarantees given on behalf of DBS Bank Ltd., London INR 4,136,432 thousands (Previous Year: INR 611,222 thousands).

(Currency: Indian rupees in thousands)

39. Related Parties *(Continued)*

Interest paid:

Interest on money market borrowing paid to DBS Bank Ltd., London INR 656 thousands (Previous Year: INR 474 thousands).

Interest received:

Interest on money market lending received from DBS Bank Ltd., London INR 111 thousands (Previous Year: INR 64 thousands).

Rendering of Services:

Commission income received on Guarantees from DBS Bank Ltd., London INR 7,832 thousands (Previous Year: INR 689 thousands).

Receiving of Services:

Direct Billing costs pertaining to DBS Bank (Hong Kong) Limited INR 10,433 thousands (Previous Year: INR 21,052 thousands). Direct Billing costs pertaining to DBS Bank (China) Limited INR 3,686 thousands (Previous Year: INR 1,537 thousands).

40. Operating Leases

Operating Leases are entered into for vehicles, office premises, ATM premises and staff accommodation. The total of future minimum lease payments under non-cancellable operating leases as determined by the lease agreements for each of the following periods are as follows:

Particulars	31 Mar 2014	31 Mar 2013
Not later than one year	**350,642**	141,147
Later than one year and not later than 5 years	**554,399**	167,227
Later than five years	**Nil**	Nil

The lease payments for the year ended 31 March 2014 charged to the Profit and Loss Account amount to INR 521,618 thousands (Previous Year: INR 543,057 thousands).

41. Employee Benefits

Provident Fund: The Bank's contribution to the Employees' Provident Fund during the year was INR 77,205 thousands (Previous Year: INR 67,233 thousands).

The defined benefit obligation of interest rate guarantee on exempt Provident Fund in respect of the employees of the Company has been determined for the year ended 31 March 2014 based on the Guidance Note (GN 29) on Valuation of Interest Rate Guarantees on Exempt Provident Funds under AS 15 (Revised) issued by The Institute of Actuaries of India. The defined benefit obligation of interest rate guarantee as at 31 March 2014 based on actuarial valuation is INR 8,695 thousands (Previous Year: INR 8,116 thousands).

Table 1: Break-down of Liability to be recognized in the Balance Sheet

	Particulars	31 Mar 2014	31 Mar 2013
A	Value of the Interest Rate Guarantee	**8,695**	8,116
B	Accumulated Balance in the Provident Fund	**958,626**	753,111
C	Present Value of the Obligation (A+B)	**967,321**	761,227
D	Carrying Value of Plan Assets	**958,626**	753,111
E	**Liability recognized in the Balance Sheet (C – D)**	**8,695**	8,116

Table 2: Parameters of PF investment and obligations

	Particulars	31 Mar 2014	31 Mar 2013
I	Discount rate for the term of the obligation	**9% p.a**.	8.5% p.a.
II	Average historical yield on the investment portfolio	**9% p.a**.	8.5% p.a.
III	Discount rate for the remaining term to maturity of the investment portfolio	**9% p.a.**	8.5% p.a.
IV	Expected Investment Return	**9% - 9.2% p.a.**	8.4% - 8.5% p.a.
V	Guaranteed Rate of Return	**8.75% p.a.**	8.5% p.a.
VI	Salary escalation rate for the term of the obligation	**6% p.a.**	10% p.a.

(Currency: Indian rupees in thousands)

41. Employee Benefits *(Continued)*

Compensated Absences: The Bank has charged to the Profit and Loss Account an amount of INR 2,739 thousands as liability for compensated absences during the year ended 31 March 2014. (Previous Year: INR 5,974 thousands).

Principal Actuarial Assumptions	31 Mar 2014	31 Mar 2013
Discount Rate (per annum)	**8.9%**	7.9%
Salary Escalation Rate (per annum)	**6%**	7%
Mortality	**IALM 2006-08 (Ultimate)**	IALM 2006-08 (Ultimate)
Withdrawal rate (per annum)	**16%**	18%

Gratuity: The Bank's contribution to Life Insurance Corporation of India ('LIC') towards the Gratuity Fund for the year ended 31 March 2014 was INR 1,251 thousands (Previous Year INR Nil).

The following table gives the disclosures regarding the Gratuity Scheme in accordance with AS 15 (Revised) as notified by the Companies (Accounting Standards) Rules 2006.

(I)	Summary	31 Mar 2014	31 Mar 2013
	Defined Benefit Obligation	**97,976**	86,181
	Fair value of plan assets	**15,421**	22,757
	Deficit/(surplus)	**82,555**	63,424
	Effect of limit on plan surplus	–	–
	Unrecognized Past service Costs	–	–
	Net deficit/(surplus)	**82,555**	63,424

(II)	Changes in Defined Benefit Obligation during the Year	31 Mar 2014	31 Mar 2013
	Opening Defined Benefit Obligation	**86,181**	56,187
	Interest cost	**6,808**	4,944
	Current Service Cost	**20,426**	19,473
	Past Service Cost	–	–
	Actuarial (Gain)/Losses	**(5,240)**	10,780
	Benefits Paid	**(10,199)**	(5,203)
	Closing Defined Benefit Obligation	**97,976**	86,181

(III)	Changes in fair value of Plan Assets	31 Mar 2014	31 Mar 2013
	Opening Fair Value of Plan Assets	**22,757**	25,692
	Expected Return on Plan Assets	**1,453**	1,961
	Actuarial Gain/(Losses)	**159**	307
	Contributions by employer	**1,251**	–
	Benefits Paid	**(10,199)**	(5,203)
	Closing Fair Value of Plan Assets	**15,421**	22,757
	Estimated Employer Contributions for the next year	**20,000**	20,000
	Actual Return on Plan Assets	**1,612**	2,267

(IV)	Net Asset/(Liability) recognized in the Balance Sheet	31 Mar 2014	31 Mar 2013
	Present Value of obligations as at year end	**97,976**	86,181
	Fair Value of plan assets as at year end	**15,421**	22,757
	Net Asset/(Liability) recognised in the Balance Sheet	**(82,555)**	(63,424)

(V)	Amount recognized in the Profit and Loss Account	31 Mar 2014	31 Mar 2013
	Current Service Cost	**20,426**	19,473
	Interest on Defined Benefit Obligation	**6,808**	4,944
	Expected Return on Plan Assets	**(1,453)**	(1,961)
	Net Actuarial Losses/(Gains) for the current year	**(5,399)**	10,473
	Amount recognized in the Profit and Loss Account	**20,382**	32,929

SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2014
(Currency: Indian rupees in thousands)

41. Employee Benefits *(Continued)*

(VI)	Asset Information	31 Mar 2014	31 Mar 2013
	Insurer Managed Funds	**15,421**	22,757

(VII)	Experience adjustment	31 Mar 14	31 Mar 13	31 Mar 12	31 Mar 11	31 Mar 10
	Experience adjustment on Plan Liabilities: (Gain)/Loss	**4,985**	6,418	(4,899)	(960)	4,653
	Experience adjustment on Plan Asset : Gain	**159**	307	306	255	263

(VIII)	Principal Actuarial Assumptions	31 Mar 2014	31 Mar 2013
	Discount Rate (per annum)	**8.9%**	7.9%
	Expected rate of return on assets (per annum)	**8%**	8%
	Salary Escalation Rate (per annum)	**6%**	7%
	Attrition Rate	**16%**	18%
	Expected average remaining working lives of employees	**5 years**	4 years
	Mortality Rate	**IALM 2006-08 Ult.**	IALM 2006-08 Ult.

42. Employee share based payments

The Bank grants shares in its ultimate parent, DBS Group Holdings Ltd, to certain eligible employees. Upon settlement the shares are transferred to its employees. The shares are awarded to the eligible employees as per the current schemes which are set out below:

a. Restricted share plan – The shares awarded under the said plan to the eligible employees could be performance-based and/or time-based. Where time-based awards are granted, they will only vest after the satisfactory completion of time-based service conditions. A time-based award comprises two elements, namely, the main award and the retention (also known as "kicker") award.

   Shares awarded vest in a graded manner whereby, thirty-three percent of the shares comprised in the main award will vest two years after the date of grant. A further thirty-three percent of the shares comprised in the main award will vest three years after the date of grant. The remainder thirty-four percent of the shares comprised in the main award, together with the shares comprised in the retention award, known as kicker will vest four years after the date of grant.

b. Chairman Recognition award – Eligible employees of the Bank are awarded ordinary shares of the DBS Group Holdings Ltd for their excellent performance during the year. Shares awarded vest in a graded manner whereby thirty-three percent of the shares will vest two years after the date of grant, a further thirty-three percent of the shares comprised in the main award will vest three years after the date of grant and the remainder thirty-four percent of the shares will vest four years after the date of grant.

A reconciliation of employee share based payment movements in number of shares during the year ended 31 March 2014 is shown below:

Category	Year	No. of unvested shares as at 31 March 2013	Granted	Additional shares for rights issue	Vested	Lapsed	No. of unvested shares as at 31 March 2014
Restricted Share Plan	2010	41,341	–	–	41,341	–	–
	2011	69,941	–	–	24,649	5,711	39,581
	2012	69,364	–	–	17,999	4,278	47,087
	2013	50,220	–	–	–	152	50,068
	2014	–	103,468	–	–	–	103,468
Chairman's Recognition	2010	5,056	–	–	5,056	–	–
Award	2011	18,529	–	3,050	8,593	4,344	8,642
	2012	48,850	–	400	15,587	2,000	31,663
	2013	61,700	–	–	–	–	61,700
	2014	–	71,600	–	–	–	71,600

The weighted average fair value of shares awarded as shown above were in the range of SGD 14.10 – SGD 15.86.

(Currency: Indian rupees in thousands)

42. Employee share based payments *(Continued)*

A reconciliation of employee share based payment movements in number of shares during the year ended 31 March 2013 is shown below:

Category	Year	No. of unvested shares as at 31 March 2012	Granted	Additional shares for rights issue	Vested	Lapsed	No. of unvested shares as at 31 March 2013
Restricted Share Plan	2010	68,507	–	–	25,253	1,913	41,341
	2011	97,062	–	–	24,649	2,472	69,941
	2012	66,747	3,890	–	–	1,273	69,364
	2013	–	50,220	–	–	–	50,220
Chairman's Recognition	2010	10,355	–	–	4,897	402	5,056
Award	2011	29,050	–	–	9,121	1,400	18,529
	2012	51,000	–	–	–	2,150	48,850
	2013	–	61,700	–	–	–	61,700

The weighted average fair value of shares awarded as shown above were in the range of SGD 14.10 – SGD 15.07.

The charge to Profit and Loss Account for the year ended 31 March 2014 was INR 88,343 thousands (Previous Year: INR 25,417 thousands).

Liability on account of share based payment as at 31 March 2014 is INR 20,834 thousands (Previous Year: INR 17,306 thousands).

43. Complaints

In terms of RBI Circular DBOD.BP.BC No.7 /21.04.018/2013-14 dated 1 July 2013, the details of customer complaints and Banking Ombudsman awards during the year are as under:

Particulars	31 Mar 14	31 Mar 13
No. of complaints pending at the beginning of the year	**1**	4
No. of complaints received during the year	**593**	412
No. of complaints redressed during the year	**589**	415
No. of complaints pending at the end of the year	**5**	1

Particulars	31 Mar 14	31 Mar 13
No. of unimplemented awards at the beginning of the year	**–**	–
No. of awards passed by the Banking Ombudsmen during the year	**–**	–
No. of awards implemented during the year	**–**	–
No. of unimplemented awards at the end of the year	**–**	–

44. Impairment of Assets

There is no impairment of assets and as such there is no provision required in terms of Accounting Standard 28 'Impairment of Assets'.

45. Contingent Liabilities

a) *Liability on account of forward exchange contracts/Liability on account of outstanding Currency and Interest Rate Swap and Option contracts*

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate options/swaps and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Forward Rate Agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right, but not the obligation, to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. The notional principal amounts of foreign exchange and derivatives contracts have been recorded as contingent liabilities.

(Currency: Indian rupees in thousands)

45. Contingent Liabilities *(Continued)*

b) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers. Generally, guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

c) Acceptances, endorsements and other obligations

These include documentary credits issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

d) Other items for which the bank is contingently liable

Other items represent amount payable against bills re-discounted, estimated amount of contracts remaining to be executed on capital account and value of investment traded on or before the Balance Sheet date with a settlement post Balance Sheet date.

46. Disclosure under Micro, Small & Medium Enterprises Development Act, 2006

The Bank has a policy of payment to its vendors based on the agreed credit terms. Consequently, as per Bank's policy there have been no reported cases of delays in payments in excess of 45 days to Micro, Small and Medium Enterprises or of interest payments due to delays in such payments, during the year ended 31 March 2014 (Previous Year: INR Nil).

47. Movement in provisions

Disclosure of movement in provisions in accordance with AS 29 is set out below:

Particulars	31 Mar 14	31 Mar 13
Opening balance at the beginning of the year	**223,316**	78,842
Add : Provision made during the year	**85,695**	223,316
Less : Utilisation, write back of excess provisions during the year	**158,099**	78,842
Closing balance at the end of the year	**150,912**	223,316

Note: Provision represents fraud, operating losses, bonus and potential claims/demand.

48. Technical Write-Offs

In terms of RBI Circular DBOD.BP.BC.No.98 / 21.04.132 / 2013-14 dated 26 February 2014, the details of technical write-offs and the recoveries made thereon during the year are as under:

Particulars	31 Mar 14	31 Mar 13
Opening balance of Technical/ Prudential written-off accounts	**Nil**	Nil
Add: Technical/ Prudential write-offs during the year	**Nil**	Nil
Sub-total (A)	**Nil**	Nil
Less: Recoveries made from previously technical/ prudential written-off		
accounts during the year (B)	**Nil**	Nil
Closing balance as at March 31 (A-B)	**Nil**	Nil

49. Other Disclosures

- The Bank did not hold any floating provision in its books as at 31 March 2014 (Previous Year: INR Nil).
- Deposits as reported in Schedule 3 include deposits kept by customers as margin against credit facilities INR 2,558,240 thousands (Previous Year: INR 3,573,702 thousands).
- The Bank has transferred an amount of INR 79,569 thousands from Investment Reserve account to Balance in Profit and Loss Account (Previous Year: The Bank has transferred an amount of INR 54,150 thousands to Investment Reserve account from Balance in Profit and Loss Account). Apart from the above, there was no drawdown on reserves during the year ended 31 March 2014.

49. Other Disclosures *(Continued)*

- The Bank did not issue any Letters of Comfort (LoC) during the year ended 31 March 2014 (Previous Year: INR Nil).
- The Bank has not financed any margin trading activities nor securitised any assets during the current year (Previous Year: INR Nil).
- The Bank did not deal in any Credit default swaps during the year ended 31 March 2014. (Previous Year: INR Nil).
- The Bank has not sold or transferred securities to/from HTM category during the year. (Previous Year: INR Nil)
- The Bank has earned an amount of INR 65,231 thousands in respect of Bancassurance business undertaken during the year ended 31 March 2014 (Previous Year: INR 49,590 thousands).
- The net book value of the fixed assets includes computer software of INR 83,414 thousands as at 31 March 2014. (Previous Year: INR 51,211 thousands)
- Head office expense is arrived after the reversal of previous year provision of INR 25,514 thousands.
- The Bank's compensation policies including that of CEO's, is in conformity with the FSB principles and standards. In accordance with the requirements of the RBI Circular No. DBOD.NO.BC.72/29.67.001/2011-12 dated 13 January 2012, the Head Office of the Bank has submitted a declaration to RBI confirming the above mentioned aspect.
- Previous year's figures have been regrouped / rearranged, wherever necessary to conform to the current year's presentation.

As per our report of even date attached.

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

Sd/-
Akeel Master
Partner
Membership No: 046768

Mumbai
22 May 2014

For **DBS Bank Ltd., India**

Sd/-
Sanjiv Bhasin
General Manager and
Chief Executive Officer

Sd/-
Rajesh Prabhu
Managing Director and
Chief Financial Officer

Mumbai
22 May 2014

DBS BANK

INDIA

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

1. Scope of application

Qualitative Disclosures

DBS Bank Ltd., India ('the Bank') operates in India as a branch of DBS Bank Ltd., Singapore a banking entity incorporated in Singapore with limited liability. As at 31 March 2014, the Bank has a presence of 12 branches across 12 cities. The Bank does not have any subsidiaries in India and interest in Insurance Entities. Thus, the disclosures contained herein only pertain to the Bank.

a. List of group entities considered for consolidation

Name of the entity/ Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation15 (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation
Not Applicable					

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity/ country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Not Applicable					

c. List of group entities considered for consolidation

Name of the entity/ country of incorporation (as indicated in (i)a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Not Applicable			

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries/country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
Not Applicable				

e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

Name of the insurance entities/ country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity/ proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Not Applicable				

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

2. Capital Adequacy

Qualitative disclosures

The CRAR of the Bank is 13.81% as computed under Basel III norms, which is higher than the minimum regulatory CRAR requirement of 9%.

The Bank's capital management framework is guided by the existing capital position, proposed growth and strategic direction. Growth opportunities have resulted in an increasing and continuing need to focus on the effective management of risk, and commensurate capital to bear that risk. The Bank carefully assesses its growth opportunities relative to the capital available to support them, particularly in the light of the economic environment and capital requirements under Basel III. The Bank maintains a strong discipline over capital allocation and ensuring that returns on investment cover capital costs.

Quantitative disclosures

	Particulars	31st March 14
A	Capital requirements for Credit Risk *(Standardised Approach)*	**20,563,872**
B	Capital requirements for Market Risk *(Standardised Duration Approach)*	
	– Interest rate risk	**3,615,763**
	– Foreign exchange risk	**585,000**
	– Equity risk	–
	– Unearned Credit spreads	**609,437**
C	Capital requirements for Operational risk *(Basic Indicator Approach)*	**1,393,222**
D	CET1 Capital Ratio (%)	**11.77%**
E	Tier1 Capital Ratio (%)	**11.77%**
F	Total Capital Ratio (%)	**13.81%**

3. General Disclosures

As part of overall corporate governance, the Group Board has approved a comprehensive Integrated Risk Framework covering risk governance for all risk types and for all entities within the Group, including India. This framework defines authority levels, oversight responsibilities, policy structures and risk appetite limits to manage the risks that arise in connection with the use of financial instruments. On a day-to-day basis, business units have primary responsibility for managing specific risk exposures while Risk Management Group (RMG) exercises independent risk oversight on the Group as a whole. RMG is the central resource for quantifying and managing the portfolio of risks taken by the Group as a whole.

A) General Disclosures for Credit Risk

Qualitative Disclosures

Credit Risk Management Policy

The credit policies and basic procedures of the Bank relating to its lending activities are contained in the Local Credit / Loan Policy of the Bank, Core Credit Policy at Singapore and the Credit Manual. These are based on the general credit principles, directives / guidelines issued by the RBI from time to time as well as instructions and guidelines of DBS Bank Ltd, Singapore (hereinafter referred to as 'the Head Office'). In the unlikely event of any conflict amongst the RBI guidelines and Head Office Guidelines, the more conservative policy / guideline is followed.

The Core Credit Policy and the Credit / Loan policy outlines the Bank's approach to Credit Risk Management and sets out the rules and guidelines under which the Bank would develop and grows its lending business. These policies provide guidance to the Bank's Corporate Banking, SME Banking and Financial Institutions Group to manage the growth of their portfolio of customer assets in line with the Bank's credit culture and profitability objectives, taking into account the capital needed to support the growth.

Supplementary policies to the main Core Credit Policy and the Credit / Loan policy have also been laid out, for certain types of lending and credit-related operations. These include subject specific policies relating to risk ratings, Default policy, Specialized Lending etc., as well as guidelines for Real Estate lending, NBFC lending, hedging of FX exposures, credit risk mitigation, sectoral and individual / group borrower limits, bridge loans, bill discounting, etc.

Responsibility for monitoring post-approval conditions and risk reporting resides with the Credit Control Unit (CCU), which reports in to Head of CCU in Singapore, with local oversight of the Senior Risk Executive (SRE) in India. The Risk Based Supervision (RBS) submission to RBI contains further details on the same.

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines as well as MAS Guidelines. NPA's are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI as well as MAS, using the more conservative approach wherever there is a difference.

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

3. General Disclosures *(Continued)*

Quantitative Disclosures

Credit Exposure

Particulars	**31st March 14**
Fund Based (Gross Advances)	**157,264,372**
Non-Fund Based *	**235,825,413**

* The amount includes trade exposures after applying credit conversion factor and Credit equivalent of FX/derivative exposures.

The Bank does not have overseas operations and hence exposures are restricted to the domestic segment.

Industry wise Exposures (Fund Based Advances)

Industry	**31st March 14**
Construction (incl Real Estate)	24,268,859
Bank Backed advances	16,975,106
Basic Metal & Metal products - Iron and Steel	10,757,959
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	9,160,926
Non-Banking Financial Institutions/Companies	8,249,601
Other Industries	7,868,234
Infrastructure - Transport - Roadways	7,580,495
All Engineering - Others	6,422,349
Vehicles, Vehicle Parts and Transport Equipments	5,949,731
Beverages	5,653,261
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	4,981,012
Mining and Quarrying - Others	4,829,471
Water sanitation	4,653,031
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	4,098,920
Infrastructure - Telecommunication	4,019,619
Paper and Paper Products	3,830,363
Trading Activity	3,109,770
Metal and Metal Products	2,801,983
All Engineering - Electronics	2,727,363
Infrastructure - Electrcity (generation-transportation and distribution)	2,593,452
Professional Services	2,320,344
Food Processing - Others	2,253,395
Rubber, Plastic and their Products	2,103,043
Computer Software	1,821,959
Textiles - Cotton	1,572,115
Textiles - Others	1,355,640
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1,115,023
Glass & Glassware	1,050,000
Agriculture & allied activities	893,562
Coal	750,000
Infrastructure - Transport - Others	382,006
Cement and Cement Products	361,120
Infrastructure - Energy - others	241,528
Chemicals and Chemical Products (Dyes, Paints, etc.) - Petro-chemicals (excluding under Infrastructure)	205,609
Wood and Wood Products	192,219
Retail Trade	58,085
Infrastructure - Transport - Waterways	34,600
Food Processing - Edible Oils and Vanaspati	11,170
Retail Others	6,030
Tea	4,640
Residual Advances	779
Total Credit Exposure	**157,264,372**

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

3. General Disclosures *(Continued)*

Industry wise Exposures (Non-Fund Based)*

Industry	31st March 14
Bank	160,895,227
Infrastructure - Electrcity (generation-transportation and distribution)	8,927,694
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	6,797,935
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	5,347,355
Trading Activity	4,969,584
Retail Others	4,709,805
Vehicles, Vehicle Parts and Transport Equipments	3,194,755
Construction	3,024,548
Basic Metal & Metal products - Iron and Steel	2,897,172
Infrastructure - Telecommunication	2,608,726
Infrastructure - Energy - others	2,505,010
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	2,472,003
Metal and Metal Products	2,311,479
Other Services	2,214,702
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	2,149,249
All Engineering - Others	2,120,138
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	2,092,519
Cement and Cement Products	1,708,660
Professional Services	1,460,973
Non-Banking Financial Institutions/Companies	1,448,398
Transport Operators	1,268,248
Wholesale Trade (other than Food Procurement)	1,249,832
Rubber, Plastic and their Products	1,233,007
All Engineering - Electronics	1,225,229
Food Processing - Edible Oils and Vanaspati	981,723
Tourism, Hotel and Restaurants	925,002
Paper and Paper Products	690,172
Mining and Quarrying - Others	682,288
Infrastructure - Transport - Roadways	670,144
Infrastructure - Water sanitation	574,930
Petro-chemicals	459,622
Other Industries	360,167
Computer Software	334,835
Textiles - Others	268,966
Beverages	246,425
Glass & Glassware	167,314
Textiles - Cotton	143,038
Food processing - Sugar	142,927
Coal	110,013
Agriculture & allied activities	77,475
Food Processing - Tea	67,665
Food Processing - Others	44,337
Shipping	24,444
Wood and Wood Products	11,261
Food processing - Coffee	10,417
Total Credit Exposure	**235,825,413**

* The amount includes trade exposures after applying credit conversion factor, Bills Rediscounted and Credit equivalent of FX/derivative exposures.

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

3. General Disclosures *(Continued)*

Maturity of Assets as at 31 March 2014

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Assets	Other Assets
1 day	26,401	174,943	7,395,042	73,518,793	4,315,625	–	469,519
2-7 days	–	1,202,982	5,085,612	7,545,102	8,585,776	–	128,892
8-14 Days	–	334,446	–	6,378,708	5,164,595	–	77,658
15-28 Days	–	413,452	–	4,994,467	15,728,664	–	203,498
29 Days-3 Months	–	1,735,257	179,745	13,895,340	42,005,072	–	470,533
3-6 Months	–	1,062,296	838,810	14,081,697	26,829,594	–	360,266
6 Months-1 Year	–	623,993	–	45,673,736	8,859,357	–	446,398
1-3 Years	–	405,421	–	6,498,486	14,271,266	–	601,370
3-5 Years	–	57,130	–	176,623	22,959,439	–	392,290
Over 5 Years	–	2,652,759	–	8,054,128	2,828,981	515,725	96,409,249
Total	**26,401**	**8,662,679**	**13,496,209**	**180,817,080**	**151,548,369**	**515,725**	**99,559,673**

Classification of NPA's

Particulars	31st March 14
Amount of NPAs (Gross)	**21,156,381**
Substandard	**17,499,904**
Doubtful 1	**2,732,070**
Doubtful 2	**924,407**
Doubtful 3	–
Loss	–

Movement of NPAs and Provision for NPAs

Particulars		31st March 14
A	Amount of NPAs (Gross)	**21,156,381**
B	Net NPAs	**15,440,377**
C	NPA Ratios	
	– Gross NPAs to gross advances (%)	**13.45%**
	– Net NPAs to net advances (%)	**10.19%**
D	Movement of NPAs (Gross)	
	– Opening balance as of the beginning of the financial year	**5,820,327**
	– Additions	**17,676,995**
	– Reductions on account of recoveries/write-offs	**2,340,941**
	– Closing balance	**21,156,381**
E	Movement of Provision for NPAs	
	– Opening balance as of the beginning of the financial year	**2,530,690**
	– Provision made during the year	**5,259,599**
	– Write-offs / Write-back of excess provision	**2,074,285**
	– Closing balance	**5,716,004**

Amount of Non-Performing Investments and amount of provisions held for non-performing investments: INR Nil

Movement in Provisions Held towards Depreciation on Investments

Particulars	31st March 2014
Opening Balance	**3,549**
Add: Provisions Made During the Year	**186,980**
Less: Write off/Write back of Excess provisions during the Year	–
Closing Balance	**190,529**

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

4. Disclosures for Credit Risk: Portfolios subject to Standardised approach

Qualitative Disclosures

Currently based on our clientele, ratings of the following agencies have been used i.e. CARE, CRISIL, India Ratings and Research Private Ltd., ICRA, Brickwork, SME Rating Agency Pvt Ltd (SMERA), Standards & Poors, Moody's and Fitch for all exposures. The Bank assigns Long term credit ratings accorded by the chosen credit rating agencies for assets which have a contractual maturity of more than one year. However, in accordance with RBI guidelines, the Bank classifies all cash credit exposures as long term exposures and accordingly the long term ratings accorded by the chosen credit rating agencies are assigned. Currently the Bank uses issuer ratings. In accordance with RBI guidelines, for risk-weighting purposes, short-term ratings are deemed to be issue-specific.

Quantitative Disclosures

Categorization of Advances (outstanding net of provisions) classified on the basis of Risk Weightage is provided below:

Particulars	31st March 14
< 100 % Risk Weight	**72,656,090**
100 % Risk Weight	**43,711,701**
> 100 % Risk Weight	**35,180,578**
Total	**151,548,369**

5. Disclosures for Credit Risk Mitigation on Standardised approach

Qualitative Disclosures

This is detailed in our policy on Credit Risk Mitigation techniques and Collateral Management.

Quantitative Disclosures

As of 31st March 2014, the Bank has not availed of Credit Mitigation techniques.

6. Disclosure on Securitisation for Standardised approach

Objective:

DBS Bank's primary objective of investment in securitisation transactions is to meet its Priority Sector Lending requirement.

Key Risks Involved

Credit Risk

- Rise in default rates in the underlying portfolios.
- Adequacy of credit enhancement to cover default risk in the pool portfolio.
- Deteriorating financial performance of the originator or default by originator.

Prepayment Risk

- Rise in prepayment rates due to fall in rate of interest rates or rise in income levels of the borrowers.

Market Risk

- Fall in credit rating of the PTC issue will result in decline in the market value of the PTC security.
- Downgrade in rating of Servicer/Originator will result in decline in the market value of the PTC security.
- High utilisation of credit enhancements will result in decline in the market value of the PTC security.

Liquidity Risk

- Drying up of liquidity in the PTC market will make it difficult for the bank to sell the investments in case of high credit, market or comingling risk. In such a situation, there would be a high cost involved, if we were to exit the position.

Comingling Risk

- The loan payments are paid directly by the obligors to the servicer at the end of each month. The servicer keeps the payments before the payout date of the PTC notes which exposes the monthly collections to comingling risk.
- There are also other risks which include performance risk of the collection and processing agent, and regulatory and legal risk.

Roles played by the Bank

As part of the securitsation programme, DBS Bank has played the role of an investor i.e. acquiring investment grade securitised debt instruments backed by financial assets originated by third parties.

(Currency: Indian rupees in thousands)

6. Disclosure on Securitisation for Standardised approach *(Continued)*

Processes in place to monitor change in risks of securitisation exposures:

Credit Risk: The Bank monitors on an ongoing basis and in a timely manner, performance information on the exposures underlying its securitization positions and takes appropriate action, if required.

Market Risk: The Bank ascertains market value of the securitisation exposures based on extant norms, which is compared with their book value to assess the marked to market impact of these exposures. Further, a fall in rating of the credit enhancers resulting in a fall in market value of securities is mitigated by the incorporation of the various triggers in the transaction documents.

Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures

The Bank has not securitised any assets.

7. Disclosure on Market Risk in Trading book

Qualitative disclosures

Market Risk arises from changes in value from changes in interest rates yields, foreign exchange rates, equity prices, commodity prices, credit spreads and the impact of changes in the correlations and volatilities of these risk factors. The Banks market risk appetite is determined by the Group Board of Directors, with detailed limit frameworks recommended by the appropriate risk committees. The Group Market & Liquidity Risk Committee, which reports into the Group Risk Executive Committee, oversees the market risk management infrastructure, sets market risk control limits and provides enterprise-wide oversight of all market risks and their management.

The Group's market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risk and the standards governing the management of market risk within the Group including the limit setting and independent model validation, monitoring and valuation.

The principal market risk appetite measure is Value at Risk (VaR). The VaR is supplemented by risk control measures, such as sensitivities to risk factors, including their volatilities, as well as P&L loss triggers (Management Action Triggers) for management action.

VaR estimates the potential loss on the current portfolio assuming a specified time horizon and level of confidence. The VaR methodology uses a historical simulation approach to forecast the Group's market risk. The methodology is also used to compute average tail loss metrics. VaR risk factor scenarios are aligned to parameters and market data used for valuation. The VaR is calculated for T&M trading, T&M banking and ALCO book (T&M banking and ALCO book constitute banking VaR).

On a daily basis, the Bank computes trading VaR for each business unit and location, and at the Group level. Banking VaR is computed on a weekly basis for each business unit and location. The trading VaR forecasts are back-tested against the profit and loss of the trading book to monitor its predictive power.

To complement the VaR framework, regular stress testing is carried out to monitor the Banks vulnerability to shocks. Also, monthly and annual P/L stop loss limits is monitored on a daily basis for the Trading book.

The risk control measures such as Interest rate PV01 (IRPV01) and FX delta measures the interest rate and FX rate risk to the current portfolio. The IRPV01 measures the change in the Net present value (NPV) due to an increase of 1 basis point in interest rates. The FX delta measures the change in NPV due to an increase of 1 unit in FX rates. The currency wise IRPV01 and FX Delta is calculated daily for T&M trading, T&M banking and ALCO book.

The other risk control measures such as Credit spread PV01 (CSPV01) and Jump to default (JTD) measures the change in the NPV due to an increase of 1 basis point in credit spreads and the expected loss due to immediate default respectively. The CSPV01 and JTD are calculated daily for T&M trading book.

To complement the VaR framework, regular stress testing is carried out to monitor the Banks vulnerability to shocks.

Quantitative Disclosures

Capital Requirement for Market Risk

Particulars	31st March 14
Interest rate risk	**3,615,763**
Foreign exchange risk (including gold)	**585,000**
Equity position risk	**–**
Unearned credit spreads	**609,437**

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

8. Operational Risk

Qualitative Disclosures

Strategy and Process

The Bank's Operational Risk Management (ORM) framework:

– Defines operational risk and the scope of its application;
– Establishes the dimensions of operational risk;
– Provides a consistent framework for managing operational risk across the Bank.

Operational Risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events, including legal risk, but does not include strategic or reputational risk".

DBS adopts a zero tolerance mindset towards major operational risk that can endanger the franchise.

The Group's Operational Risk Management (ORM) Framework has been developed to ensure that operational risks within the Group are properly identified, addressed, monitored, managed and reported in a structured, systematic and consistent manner.

The ORM Framework developed by the Group Head Office has been adopted by the branches in India.

The ORM framework includes inter-alia:

a) ORM Governance Structure (Board, Senior Management, Location / Business level)

b) ORM Governance Principles

c) Accountability & Responsibility

d) Operational Risk policies comprising:
   – Group ORM Framework (Level 1)
   – Core Operational Risk Standards (CORS) and Corporate Operational Risk Policies (Level 2); and
   – Location / Unit specific Operational Risk Policies & Standards (Level 3)

e) Risk Mitigation Programmes comprising:
   – Internal controls
   – Global Insurance Programme; and
   – Business Continuity Management

f) Risk Tools and Mechanisms comprising:
   – Control Self Assessment (CSA)
   – Risk Event Management (REM)
   – Key Risk Indicators (KRI)
   – New Product Approval Process (NPA)
   – Outsourcing Risk Review
   – Issue Management & Action Tracking
   – Risk Analysis, Reporting and Profiling

g) Risk Quantification – Loss Provisioning / Capital Allocation

Structure and Organisation

The Bank also has in place an India Operational Risk Committee (IORC) which meets on a monthly basis to discuss operational risk issues. This committee is managed by the Head - Operational Risk and reports to the IMC. This ensures appropriate management oversight of operational risks facing the Bank.

The IORC comprises the CEO and the heads of the Institutional Banking Group, Consumer Banking Group, Treasury & Markets, Technology & Operations, Risk Management Group, Finance, Legal & Compliance, Group Audit and Operational Risk.

As part of the Bank's ORM structure, an independent Operational Risk function is in place led by the local Head of Operational Risk, who reports to the Senior Risk Executive, India and functionally to the Group Head of Operational Risk at the Head Office in Singapore.

8. Operational Risk *(Continued)*

Coverage includes identifying, assessing, controlling / mitigating risk, monitoring and reporting risk and also ensuring compliance with DBS Group standards and regulatory requirements relating to Operational Risk.

In addition to the independent Operational Risk resources, Unit Operational Risk Managers (UORM) are appointed within key Business Units (BU) and Support Units (SU) to support operationalisation of the risk management policy & process and to ensure maintenance of adequate controls on an ongoing basis. Regular training / orientations are conducted to keep UORM updated with key developments.

Risk Mitigation Programs

Internal Controls

The day-to-day management of Operational Risk within the Bank is through maintenance of a comprehensive system of internal controls. An effective internal control system is a combination of a strong control environment and appropriate internal control procedures. These internal controls comprise preventive, detective, escalation and corrective controls.

Global Insurance Programme (GIP)

The key objectives of the GIP are to reduce financial loss of risk events via transfer of loss to external funding sources (insurers). The GIP provides cover for low-frequency high-impact loss incidents, while the high frequency low impact operational losses are managed through strong internal controls.

Business Continuity Management (BCM) is a key Operational Risk program to minimize the impact of a business disruption, irrespective of cause, and to provide an acceptable level of business until normal business operations are resumed. BCM includes the following:

– Establishing ownership, roles and responsibilities
– Risk analysis
– Business impact analysis
– Recovery strategies
– Familiarisation of emergency response and crisis management plans
– Regular review and maintenance
– Regular, complete and meaningful testing

Risk Reporting and Measurement

Operational Risk related MIS is reported through the central ORM system (ROR - Reveleus Operational Risk), as follows:

– Incident Management (IM) Module - for reporting of Risk Events
– Issue and Action Management (IAM) Module - for tracking of Issues and Actions emanating from Risk Events, Audit Issues, Regulatory Issues and other risk related issues
– Key Indicator (KI) Module - for reporting of Key Risk Indicators (KRI)
– Control Self Assessment (CSA) Module - to facilitate the half-yearly Control Self Assessment process

The Operational Risk Profile including MIS relating to the above is placed at the monthly meetings of the India Operational Risk Committee (IORC).

Approach for operational risk capital assessment

– The Bank currently adopts the Basic Indicator Approach to calculate capital for operational risk.

9. Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

The Asset and Liability Committee ("ALCO") oversees the structural interest rate risk and funding liquidity risk in the Bank. The ALCO ensures that the exposures are within prudent levels. Structural interest rate risk arises from mismatches in the interest rate profile of customer loans and deposits. This interest rate risk has several aspects: basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risks and embedded optionality. To monitor the structural interest rate risk, the tools used by DBS include re-pricing gap reports based on traditional as well as duration gap approach, sensitivity analysis and income simulations under various scenarios.

(Currency: Indian rupees in thousands)

9. Interest rate risk in the banking book (IRRBB) ***(Continued)***

Quantitative Disclosures

The Bank uses the Duration Gap approach to measure the impact of Market Value of Equity (MVE) for upward and downward rate shocks. This measures the potential change in MVE of the Bank for a 200 bps change in interest rates. The change in MVE due to a 200 change in interest rates are:-

Change in MVE due to a 200 bps change in interest rates	INR Million
31st March 2014	(673.86)

The impact on Earnings is computed as per the definition laid down in the ALM Policy of the Bank. Per the policy, Earnings-at-Risk (EaR) measures the interest rate risk from the earnings perspective. It is computed as an impact (over a 1-year horizon) of a 1% parallel shift in the yield curve on the Bank's earning. This is computed using the net IRS gaps for each bucket up to 1 year and the mark-to-market impact of 1% rise in interest rates on the AFS and HFT portfolio is to this. The aggregate of these approximates the net revenue impact of a 1% parallel shift (increase in interest rates) in the yield curve over a 1 year horizon and acts as a useful tool in the hands of the ALCO to monitor and assess the impact of Interest rate risk exposure of the Bank on its revenue.

EaR is computed at a Bank-wide level. It is not computed individually for the trading and banking books. Hence the impact on Earnings for the Banking book alone cannot be assessed. The EAR (trading and banking) is:

EaR on the INR book (trading and banking)	INR Million
31st March 2014	(1,390.30)

10. General Disclosure for Exposures Related to Counterparty Credit Risk

Qualitative Disclosures

USE OF ECONOMIC CAPITAL (EC) FOR CONCENTRATION RISK MANAGEMENT

While the Group firmly complies with regulatory capital requirements at all times, we recognize the need to have more robust methodologies to measure capital usage. Effective concentration management requires a robust metric that can accurately capture the portfolio risk characteristics including granular portfolio segment profile, risk concentrations and correlation of risks in the portfolio. The metric has to be sensitive to changes made to adjust the portfolio shape and direction of growth.

We have therefore adopted the EC metric as our primary concentration risk management tool and have integrated it into our risk processes. EC is deployed as a core component in our ICAAP and it also serves as a key metric in cascading Risk Appetite and limits setting.

CREDIT RISK MITIGANTS

Collateral

Where possible, the Group takes collateral as a secondary recourse to the borrower. Collateral includes cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The Group may also take fixed and floating charges on the assets of borrowers. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collaterals to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for financial market counterparties covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association (ISDA) agreements), collateral received is marked to market on a frequency mutually agreed with the counterparties.

The Group is required to post additional collateral in the event of a rating downgrade. As at 31 December 2013, for a one notch downgrade of its Standard & Poor's Ratings Services and Moody's Investors Services ratings, the Group would have to post additional collateral amounting to SGD 363 million and SGD 63 million respectively.

Other Risk Mitigants

The Group manages its credit exposure from derivatives, repo and other repo-style transactions by entering into netting and collateral arrangements with counterparties where it is appropriate and feasible to do so. The credit risk associated with outstanding contracts with positive mark to market is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with a single counterparty in a netting-eligible jurisdiction are settled on a net basis.

The Group may also enter into agreements which govern the posting of collateral with derivative counterparties for credit risk mitigation (e.g. Credit Support Annexes under ISDA master agreements). These are governed by internal guidelines with respect to the eligibility of collateral types and the frequency of collateral calls.

(Currency: Indian rupees in thousands)

10. General Disclosure for Exposures Related to Counterparty Credit Risk *(Continued)*

In addition, the Group also uses guarantees as credit risk mitigants. While the Group may accept guarantees from any counterparty, it sets internal thresholds for considering guarantors to be eligible for credit risk mitigation.

COUNTER PARTY RISK MANAGEMENT

Counterparty risk that may arise from traded products and securities is measured on a loan equivalent basis and included under the Group's overall credit limits to counterparties. Issuer Default Risk that may arise from traded products and securities are generally measured based on jump-to-default computations.

The Group actively monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. In addition, the Group's risk measurement methodology takes into account the higher risks associated with transactions that exhibit a strong relationship between the creditworthiness of a counterparty and the expected future replacement value of a relevant transaction (so-called wrong-way risk) as identified during the trade booking process. The current exposure method is used for calculating the Group's net credit exposure and regulatory capital for counterparty exposures, using the mark-to-market exposures with an appropriate add-on factor for potential future exposures.

Quantitative Disclosures

INR Crores

Particulars	Notionals	Credit Exposures
– Currency Derivatives	311,366.19	16,165.96
– Interest Rate Derivatives	199,895.83	2,570.43

11. Composition of Capital

(Rs. in million)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		**Amounts Subject to Pre-Basel III Treatment**	**Ref No**
	Common Equity Tier 1 capital : instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	25,438.86		A
2	Retained earnings	12,868.57		B+C+E
3	Accumulated other comprehensive income (and other reserves)	–		C
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	–		
	Public sector capital injections grandfathered until January 1, 2018			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–		
6	**Common Equity Tier 1 capital before regulatory adjustments**	38,307.43		
	Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	150.16		
8	Goodwill (net of related tax liability)	–		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	–		
10	Deferred tax assets	3,137.64		F
11	Cash-flow hedge reserve	–		
12	Shortfall of provisions to expected losses	–		
13	Securitisation gain on sale	–		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–		
15	Defined-benefit pension fund net assets	–		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	–		
17	Reciprocal cross-holdings in common equity	–		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–		

Basel III: Pillar 3 Disclosures as at 31 March 2014
(Currency: Indian rupees in thousands)

11. **Composition of Capital *(Continued)***

(Rs. in million)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
	Common Equity Tier 1 capital : regulatory adjustments			
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	–		
20	Mortgage servicing rights (amount above 10% threshold)	–		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–		
22	Amount exceeding the 15% threshold	–		
23	of which: significant investments in the common stock of financial entities	–		
24	of which : mortgage servicing rights	–		
25	of which : deferred tax assets arising from temporary differences	–		
26	National specific regulatory adjustments (26a+26b+26c+26d)	–		
	a.of which : Investments in the equity capital of unconsolidated insurance subsidiaries	–		
	b.of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	–		
	c.of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	–		
	d.of which : Unamortised pension funds expenditures	–		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–		
28	**Total regulatory adjustments to Common equity Tier 1**	3,287.80		
29	**Common Equity Tier 1 capital (CET1)**	35,019.63		
	Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	–		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	–		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	–		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	–		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	–		
35	of which : instruments issued by subsidiaries subject to phase out	–		
36	**Additional Tier 1 capital before regulatory adjustments**	–		
	Additional Tier 1 capital : regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	–		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	–		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–		
41	National specific regulatory adjustments (41a+41b)	–		
	a. of which : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	–		
	b. of which : Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	–		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	–		
	of which:	–		
	of which:	–		
	of which:			

(Currency: Indian rupees in thousands)

11. Composition of Capital *(Continued)*

(Rs. in million)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–		
43	**Total regulatory adjustments to Additional Tier 1 capital**	–		
44	**Additional Tier 1 capital (AT1)**	–		
	a. Additional Tier 1 capital reckoned for capital adequacy	–		
45	**Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)**	35,019.63		
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–		
47	Directly issued capital instruments subject to phase out from Tier 2	4,793.20		I
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–		
49	of which: instruments issued by subsidiaries subject to phase out	–		
50	Provisions	1,266.33		D+J+K
51	**Tier 2 capital before regulatory adjustments**	6,059.53		
Tier 2 capital : regulatory adjustments				
52	Investments in own Tier 2 instruments	–		
53	Reciprocal cross-holdings in Tier 2 instruments	–		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–		
56	National specific regulatory adjustments (56a+56b)	–		
	a. of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	–		
	b. of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	–		
	Regulatory Adjustments Applied to Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	–		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	–		
	of which: [INSERT TYPE OF ADJUSTMENT]	–		
57	Total regulatory adjustments to Tier 2 capital	–		
58	Tier 2 capital (T2)	6,059.53		
	a. Tier 2 capital reckoned for capital adequacy	6,059.53		
	b. Excess Additional Tier 1 capital reckoned as Tier 2 capital	–		
	c. Total Tier 2 capital admissible for capital adequacy (58a + 58b)			
59	**Total capital (TC = T1 + Admissible T2) (45 + 58c)**	41,079.16		
60	**Total risk weighted assets (60a + 60b + 60c)**	297,414.38		
	a. of which: total credit risk weighted assets	228,487.47		
	b. of which: total market risk weighted assets	53,446.67		
	c. of which: total operational risk weighted assets	15,480.24		
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.77%		
62	Tier 1 (as a percentage of risk weighted assets)	11.77%		
63	Total capital (as a percentage of risk weighted assets)	13.81%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	4.50%		
65	of which : capital conservation buffer requirement	0%		

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

11. Composition of Capital *(Continued)*

(Rs. in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No
66 of which : bank specific countercyclical buffer requirement	0%		
67 of which : G-SIB buffer requirement	0%		
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	7.27%		
National minima (if different from Basel III)			
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	4.50%		
70 National Tier 1 minimum ratio (if different from Basel III minimum)	6.00%		
71 National total capital minimum ratio (if different from Basel III minimum)	9.00%		
Amounts below the thresholds for deduction (before risk weighting)			
72 Non-significant investments in the capital of other financial entities	–		
73 Significant investments in the common stock of financial entities	–		
74 Mortgage servicing rights (net of related tax liability)	–		
75 Deferred tax assets arising from temporary differences (net of related tax liability)	–		
Applicable caps on the inclusion of provisions in Tier 2			
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,266.33		
77 Cap on inclusion of provisions in Tier 2 under standardised approach	3,717.68		
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
(only applicable between March 31, 2017 and March 31, 2022)			
80 Current cap on CET1 instruments subject to phase out arrangements	NA		
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA		
82 Current cap on AT1 instruments subject to phase out arrangements	NA		
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA		
84 Current cap on T2 instruments subject to phase out arrangements	NA		
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA		

Notes to the above Template

Row No. of the template	Particular	(Rs. in million)
10	Deferred tax assets associated with accumulated losses	–
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	3,137.64
	Total as indicated in row 10	3,137.64
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	–
	of which : Increase in Common Equity Tier 1 capital	–
	of which : Increase in Additional Tier 1 capital	–
	of which : Increase in Tier 2 capital	–
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	–
	i) Increase in Common Equity Tier 1 capital	–
	ii) Increase in risk weighted assets	–
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	–
	of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	–
50	Eligible Provisions included in Tier 2 capital	1,266.33
	Eligible Revaluation Reserves included in Tier 2 capital	–
	Total of row 50	1,266.33
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	–

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

12. Composition of Capital – Reconciliation Requirements *(Continued)*

(Rs. in million)

	Step 1	Balance sheet as in financial statements As on 31 Mar 2014	Balance sheet under regulatory scope of consolidation As on 31 Mar 2014
A	**Capital & Liabilities**		
i.	Paid-up Capital	25,438.86	25,438.86
	Reserves & Surplus	14,722.53	14,722.53
	Minority Interest	–	–
	Total Capital	**40,161.39**	**40,161.39**
ii.	Deposits	**174,718.85**	**174,718.85**
	of which : Deposits from banks	–	–
	of which : Customer deposits	174,718.85	174,718.85
	of which : Other deposits (pl. specify)	–	–
iii.	Borrowings	**145,606.44**	**145,606.44**
	of which : From RBI	57,090.00	57,090.00
	of which : From banks	53,114.73	53,114.73
	of which : From other institutions & agencies	11,435.71	11,435.71
	of which : Others (pl. specify)	–	–
	of which : Capital instruments	23,966.00	23,966.00
iv.	Other liabilities & provisions	**94,139.46**	**94,139.46**
	Total	**454,626.14**	**454,626.14**
B	**Assets**		
i.	Cash and balances with Reserve Bank of India	**8,689.08**	**8,689.08**
	Balance with banks and money at call and short notice	**13,496.21**	**13,496.21**
ii.	Investments :	**180,817.08**	**180,817.08**
	of which : Government securities	115,864.35	115,864.35
	of which : Other approved securities	–	–
	of which : Shares	–	–
	of which : Debentures & Bonds	3,500.92	3,500.92
	of which : Subsidiaries / Joint Ventures / Associates	–	–
	of which : Others (Commercial Papers, Certificate of deposits, PTCs and SIDBI Deposits)	61,451.81	61,451.81
iii.	Loans and advances	**151,548.37**	**151,548.37**
	of which : Loans and advances to banks	–	–
	of which : Loans and advances to customers	151,548.37	151,548.37
iv.	Fixed assets	515.73	515.73
v.	Other assets	**99,559.67**	**99,559.67**
	of which : Goodwill and intangible assets	–	–
	of which : Deferred tax assets	3,137.64	3,137.64
vi.	Goodwill on consolidation	–	–
vii.	Debit balance in Profit & Loss account	–	–
	Total Assets	**454,626.14**	**454,626.14**

Basel III: Pillar 3 Disclosures as at 31 March 2014

(Currency: Indian rupees in thousands)

12. Composition of Capital – Reconciliation Requirements

(Rs. in million)

	Step 2	Balance sheet as in financial statements As on 31 Mar 2014	Balance sheet under regulatory scope of consolidation As on 31 Mar 2014	Ref No.
A	**Capital & Liabilities**			
i.	Paid-up Capital	25,438.86	25,438.86	
	of which : Amount eligible for CET1	25,438.86	25,438.86	A
	of which : Amount eligible for AT1	–	–	
	Reserves & Surplus	14,722.53	14,722.53	
	of which :			
	Statutory Reserve	3,703.38	3,703.38	B
	Capital Reserve	5.10	5.10	C
	Investment Reserve	156.95	156.95	D
	Amount Retained in India for CAPAD	9,160.09	9,160.09	E
	Defferred Tax Reserve	0.54	0.54	
	Balance in Profit and Loss account	1,696.47	1,696.47	
	Minority Interest			
	Total Capital	**40,169.39**	**40,169.39**	
ii.	Deposits	**174,718.85**	**174,718.85**	
	of which : Deposits from banks	–	–	
	of which : Customer deposits	174,718.85	174,718.85	
	of which : Other deposits (pl. specify)	–	–	
iii.	Borrowings	**145,606.44**	**145,606.44**	
	of which : From RBI	57,090.00	57,090.00	
	of which : From banks	53,114.73	53,114.73	
	of which : From other institutions & agencies	11,435.71	11,435.71	
	of which : Others			
	of which : Capital instruments	23,966.00	23,966.00	
	– of which Eligible for T2 capital			I
iv.	Other liabilities & provisions	**94,139.46**	**94,139.46**	
	of which : Provision against standard asset and country risk	988.38	988.38	J
	of which : Provision for Sale to Reconstruction	121.00	121.00	K
	Total	**454,626.14**	**454,626.14**	
B	**Assets**			
i.	Cash and balances with Reserve Bank of India	**8,689.08**	**8,689.08**	
	Balance with banks and money at call and short notice	**13,496.21**	**13,496.21**	
ii.	Investments :	**180,817.08**	**180,817.08**	
	of which : Government securities	115,864.35	115,864.35	
	of which : Other approved securities	–	–	
	of which : Shares	–	–	
	of which : Debentures & Bonds	3,500.92	3,500.92	
	of which : Subsidiaries / Joint Ventures / Associates	–	–	
	of which : Others (Commercial Papers, Certificate of deposits, PTCs and SIDBI Deposits)	61,451.81	61,451.81	
iii.	Loans and advances	**151,548.37**	**151,548.37**	
	of which : Loans and advances to banks	–	–	
	of which : Loans and advances to customers	151,548.37	151,548.37	
iv.	Fixed assets	515.73	515.73	
v.	Other assets	**99,559.67**	**99,559.67**	
	of which : Goodwill and intangible assets	–	–	
	of which : Deferred tax assets	3,137.64	3,137.64	F
vi.	Goodwill on consolidation	–	–	
vii.	Debit balance in Profit & Loss account	–	–	
	Total	**454,626.14**	**454,626.14**	