DBS Bank Ltd., India

Financial statements
together with Auditors' report
for the year ended 31 March 2013

DBS Bank Ltd., India

Financial statements together with Independent Auditors' Report

For the year ended 31 March 2013

B S R & Co.
(Registered)
Chartered Accountants

Lodha Excelus
1st Floor, Apollo Mills Compound
N. M. Joshi Marg
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Mumbai - 400 011
India

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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 2013 and Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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. 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:

Independent Auditor's Report *(Continued)*

DBS Bank Ltd., India

(a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2013;

(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 Profit and Loss Account and the Cash Flow Statement 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 6 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 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.**
Chartered Accountants
Firm's Registration No: 101248W

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
13 May 2013

DBS Bank Ltd., India

Balance Sheet

as at 31 March 2013

(Currency: Indian rupee in thousands)

	Schedules	31 Mar 2013	31 Mar 2012
CAPITAL AND LIABILITIES			
Capital	*1*	**14,603,321**	14,603,321
Reserves and surplus	*2*	**14,700,066**	11,814,698
Deposits	*3*	**154,876,264**	129,220,218
Borrowings	*4*	**168,473,779**	148,238,631
Other liabilities and provisions	*5*	**54,427,959**	59,982,355
Total		**407,081,389**	363,859,223
ASSETS			
Cash and balances with Reserve Bank of India	*6*	**9,728,169**	8,074,518
Balances with banks and money at call and short notice	*7*	**14,808,035**	10,807,373
Investments	*8*	**181,672,687**	147,805,589
Advances	*9*	**138,580,602**	128,442,791
Fixed assets	*10*	**527,724**	419,779
Other assets	*11*	**61,764,172**	68,309,173
Total		**407,081,389**	363,859,223
Contingent liabilities	*12*	**5,038,874,149**	5,544,122,406
Bills for collection		**33,713,118**	40,726,267
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.

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

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
13 May 2013

For DBS Bank Ltd., India

Sanjiv Bhasin
General Manager and
Chief Executive Officer

Yazad Cooper
Chief Financial Officer

Mumbai
13 May 2013

DBS Bank Ltd., India

Profit and loss account

for the year ended 31 March 2013

(Currency: Indian rupees in thousands)

	Schedules	31 Mar 2013	31 Mar 2012
INCOME			
Interest earned	*13*	**25,591,876**	17,971,242
Other income	*14*	**1,287,583**	3,110,225
Total		**26,879,459**	21,081,467
EXPENDITURE			
Interest expended	*15*	**15,358,926**	10,449,724
Operating expenses	*16*	**4,881,083**	4,120,672
Provisions and contingencies	*17*	**3,754,082**	3,155,831
Total		**23,994,091**	17,726,227
PROFIT			
Net Profit for the year		**2,885,368**	3,355,240
Profit brought forward		**2,660,182**	1,166,119
Total		**5,545,550**	4,521,359
APPROPRIATIONS			
Transfer to Statutory Reserve		**721,342**	838,810
Appropriation to Investment Reserve Account		**54,150**	182,367
Capital retained in India for CRAR purposes		**1,800,000**	840,000
Balance carried over to Balance Sheet		**2,970,058**	2,660,182
Total		**5,545,550**	4,521,359

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.**
Chartered Accountants
Firm's Registration No: 101248W

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
13 May 2013

For DBS Bank Ltd., India

Sanjiv Bhasin
General Manager and
Chief Executive Officer

Yazad Cooper
Chief Financial Officer

Mumbai
13 May 2013

DBS Bank Ltd., India

Cash flow statement

for the year ended 31 March 2013

(Currency: Indian rupees in thousands)

		31 Mar 2013	31 Mar 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before taxation and extraordinary items		**4,965,279**	5,701,134
Adjustments for:			
Depreciation on Fixed Assets		**197,758**	196,094
Loss / (Profit) on sale and writeoff of Fixed assets		**16,215**	(68)
Provision on Standard Assets/Derivatives		**38,866**	423,086
Write back of provisions for Depreciation on Investments		**(124,534)**	(419,408)
Provisions for Off-Balance sheet exposures		**76,512**	-
(Write back) / Provision for country risk		**(8,186)**	11,677
Provision for Non Performing Assets (including write offs net of write backs)		**1,691,513**	794,582
Provision for Employee Benefits including bonus		**164,106**	178,831
Operating profit before working capital changes		**7,017,529**	6,885,928
(Increase) in Investments (excluding HTM investments)		**(38,092,564)**	(45,738,776)
(Increase) in Advances		**(11,829,324)**	(53,995,478)
Decrease / (Increase) in Other Assets		**7,198,109**	(25,822,316)
Increase in Deposits		**25,656,046**	55,540,092
(Decrease) / Increase in Other liabilities and provisions		**(5,825,694)**	20,663,247
		(15,875,898)	(42,467,303)
Income Tax Paid		**(2,733,019)**	(2,960,010)
Net cash from operating activities	**A**	**(18,608,917)**	(45,427,313)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets / Capital work in progress (net of write off)		**(322,221)**	(237,364)
Proceeds from sale of Fixed Assets		**303**	79
Decrease in HTM investments		**4,350,000**	1,483,500
Net cash from investing activities	**B**	**4,028,082**	1,246,215
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional Capital from Head Office		**-**	5,085,000
Increase in Borrowings		**20,235,148**	41,163,496
Net cash from financing activities	**C**	**20,235,148**	46,248,496
Net increase in cash and cash equivalents	**(A+B+C)**	**5,654,313**	2,067,398

Cash flow statement *(Continued)*

for the year ended 31 March 2013

(Currency: Indian rupees in thousands)

	31 Mar 2013	31 Mar 2012
Cash and cash equivalents at the beginning of the year	**18,881,891**	16,814,493
Cash and cash equivalents at the end of the year	**24,536,204**	18,881,891
Notes: Cash and cash equivalents represent		
Cash and balances with Reserve Bank of India (refer schedule 6)	**9,728,169**	8,074,518
Balances with banks and money at call and short notice (refer schedule 7)	**14,808,035**	10,807,373
Total	**24,536,204**	18,881,891

As per our report of even date attached.

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

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
13 May 2013

For DBS Bank Ltd., India

Sanjiv Bhasin
General Manager and
Chief Executive Officer

Yazad Cooper
Chief Financial Officer

Mumbai
13 May 2013

Schedules to financial statements

as at 31 March 2013

(Currency: Indian rupees in thousands)

		31 Mar 2013	31 Mar 2012
1	**CAPITAL**		
	Amount of deposit kept with the RBI under Section 11(2)(b) of the Banking Regulation Act, 1949	**3,000,000**	2,150,000
	Opening Balance	**14,603,321**	9,518,321
	Add: Additional capital received from Head Office during the year	**-**	5,085,000
	Total	**14,603,321**	14,603,321
2	**RESERVES AND SURPLUS**		
	A **Statutory Reserve**		
	Opening Balance	**2,976,422**	2,137,612
	Additions during the year	**721,342**	838,810
	Deductions during the year	**-**	-
		3,697,764	2,976,422
	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	**182,367**	-
	Additions during the year	**54,150**	182,367
	Appropriation towards additional Depreciation requirement for the year	**-**	-
	Deductions during the year	**-**	-
		236,517	182,367
	D **Capital retained in India for CRAR purposes**		
	Opening Balance	**5,990,095**	5,150,095
	Additions during the year	**1,800,000**	840,000
	Deductions during the year	**-**	-
		7,790,095	5,990,095
	E **Balance in Profit and Loss Account**	**2,970,058**	2,660,182
	F **Deferred Tax Reserve**	**536**	536
	Total	**14,700,066**	11,814,698

3 DEPOSITS

	31 Mar 2013	31 Mar 2012
A (I) Demand Deposits		
(i) From banks	-	-
(ii) From others	7,879,248	4,606,387
	7,879,248	4,606,387
(II) Saving Bank Deposits	1,714,746	1,207,767
(III) Certificate of Deposits	-	-
(IV) Term Deposits		
(i) From banks	-	-
(ii) From others	145,282,270	123,406,064
	145,282,270	123,406,064
Total	154,876,264	129,220,218
B (i) Deposits of branches in India	154,876,264	129,220,218
(ii) Deposits of branches outside India	-	-
Total	154,876,264	129,220,218

4 BORROWINGS

	31 Mar 2013	31 Mar 2012
I Borrowings in India		
(i) Reserve Bank of India	42,650,000	28,500,000
(ii) Other banks	35,952,900	15,450,000
(iii) Other institutions and agencies	15,637,470	1,281,285
	94,240,370	45,231,285
II Borrowings outside India	34,583,813	63,390,107
III Subordinated Debt*	39,649,596	39,617,239
Total	168,473,779	148,238,631
Secured borrowings included in I, II and III above	58,287,470	29,781,285

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

Schedules to financial statements *(Continued)*
as at 31 March 2013

(Currency: Indian rupees in thousands)

5 OTHER LIABILITIES AND PROVISIONS

	31 Mar 2013	31 Mar 2012
I Bills Payable	**196,638**	381,167
II Inter Office adjustments (net)	**-**	-
III Interest Accrued	**1,329,824**	1,311,891
IV Contingent Provision against Standard Advances	**595,644**	557,174
V Contingent Provision against Derivatives exposures	**219,894**	219,498
VI Others (including provisions)	**52,085,959**	57,512,625
Total	**54,427,959**	59,982,355

6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

	31 Mar 2013	31 Mar 2012
I. Cash in hand (including foreign currency notes)	**32,711**	35,557
II. Balances with RBI		
(i) In Current Accounts	**8,445,458**	8,038,961
(ii) In Other Accounts	**1,250,000**	-
	9,695,458	8,038,961
Total	**9,728,169**	8,074,518

7 BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

	31 Mar 2013	31 Mar 2012
I In India		
(i) Balance with Banks		
(a) In Current Accounts	**66,645**	371,973
(b) In Other Deposit Accounts	**-**	-
	66,645	371,973
(ii) Money at Call and Short Notice	**749,302**	1,293,330
	815,947	1,665,303
II Outside India		
(i) In Current Accounts	**13,992,088**	9,142,070
(ii) In Other Deposit Accounts	**-**	-
(iii) Money at Call and Short Notice	**-**	-
	13,992,088	9,142,070
Total	**14,808,035**	10,807,373

(Currency: Indian rupees in thousands)

8 INVESTMENTS

	31 Mar 2013	31 Mar 2012
Investments in India in		
(i) Government securities *	**108,880,314**	75,624,821
(ii) Other approved securities	**-**	-
(iii) Shares	**-**	-
(iv) Debentures and Bonds	**2,354,543**	270,000
(v) Subsidiaries and Joint Ventures	**-**	-
(vi) Others (Certificate of Deposits, Commercial Papers, Deposit with SIDBI and Pass through Certificates)	**70,437,830**	71,910,768
Total	**181,672,687**	147,805,589
Gross Investments in India	**181,676,236**	147,933,672
Less: Provision for depreciation	**3,549**	128,083
Net Investments in India	**181,672,687**	147,805,589

*** Includes :**

(A) Securities pledged as margin with CCIL INR 443,183 thousands (Previous Year: INR 250,318 thousands)

(B) Securities held u/s 11(2)(b) with RBI INR 2,956,727 thousands (Previous Year: INR 2,135,772 thousands)

(C) Securities pledged as collateral for LAF (Liquidity Adjustment Facility) / MSF (Marginal Standing Facility) INR 43,277,255 thousands (Previous Year: INR 29,067,293 thousands)

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

(E) Securities kept as margin for RTGS (Real Time Gross Settlement) INR 41,787,297 thousands (Previous Year: INR 21,172,180 thousands)

(Currency: Indian rupees in thousands)

	31 Mar 2013	31 Mar 2012
9 ADVANCES		
A (i) Bills purchased and discounted	**36,506,005**	40,420,621
(ii) Cash credits, overdrafts and loans repayable on demand	**86,451,729**	71,989,707
(iii) Term Loans	**15,622,868**	16,032,463
Total	**138,580,602**	128,442,791
B (i) Secured by tangible assets *	**66,389,138**	41,588,878
(ii) Covered by Bank / Government Guarantees**	**13,923,819**	27,384,831
(iii) Unsecured	**58,267,645**	59,469,082
Total	**138,580,602**	128,442,791
C I Advances in India		
(i) Priority Sectors	**43,840,737**	62,175,064
(ii) Public Sectors	**4,550,000**	-
(iii) Banks	**-**	-
(iv) Others	**90,189,865**	66,267,727
II Advances outside India	**-**	-
Total	**138,580,602**	128,442,791

* includes secured by book debts and stocks

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

	31 Mar 2013	31 Mar 2012
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	**1,109,637**	881,241
Additions during the year	**196,135**	239,183
Deductions during the year	**(103,334)**	(10,787)
	1,202,438	1,109,637
Depreciation to date	**(811,784)**	(697,221)
Net book value of Other Fixed Assets	**390,654**	412,416
III Capital work-in-progress	**137,070**	7,363
Total (I+II+III)	**527,724**	419,779

	31 Mar 2013	31 Mar 2012
11 OTHER ASSETS		
(i) Inter Office adjustments (net)	-	-
(ii) Interest accrued	**1,830,095**	1,156,271
(iii) Tax paid in advance / Tax Deducted at Source (net of provisions)	**601,144**	677,620
(iv) Stationery & Stamps	-	-
(v) Deferred Tax Asset (refer schedule 18 note [36])	**1,578,201**	848,617
(vi) Non-banking assets acquired in satisfaction of claims	-	-
(vii) Others	**57,754,732**	65,626,665
Total	**61,764,172**	68,309,173

Schedules to financial statements *(Continued)*

as at 31 March 2013

(Currency: Indian rupees in thousands)

		31 Mar 2013	31 Mar 2012
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	**2,633,061,787**	2,325,214,044
	(iv) Liability on account of outstanding Currency and Interest Rate Swap and Option contracts	**2,345,075,597**	3,150,425,670
	(v) Guarantees given on behalf of constituents		
	- in India	**37,942,508**	37,833,496
	- outside India	**10,384,590**	13,168,167
	(vi) Acceptances, endorsements and other obligations	**12,370,680**	13,269,352
	(vii) Other items for which the Bank is contingently liable	**38,987**	4,211,677
	Total	**5,038,874,149**	5,544,122,406

B S R & Co.
Chartered Accountants

(Currency: Indian rupees in thousands)

13 INTEREST EARNED

	31 Mar 2013	31 Mar 2012
(i) Interest / discount on advances / bills	**11,066,266**	7,589,125
(ii) Income on investments	**14,385,208**	10,332,707
(iii) Interest on balances with RBI and other inter-bank funds	**140,402**	49,410
(iv) Others	**-**	-
Total	**25,591,876**	17,971,242

14 OTHER INCOME

	31 Mar 2013	31 Mar 2012
(i) Commission, exchange and brokerage	**3,478,938**	4,487,338
(ii) Net Profit / (Loss) on sale of investments	**125,874**	(554,652)
(iii) Net Profit on sale of land, buildings and other assets	**303**	68
(iv) Net Loss on Foreign Exchange and Derivative transactions	**(2,363,707)**	(859,840)
(v) Income earned by way of dividends	**-**	-
(vi) Miscellaneous Income	**46,175**	37,311
Total	**1,287,583**	3,110,225

15 INTEREST EXPENDED

	31 Mar 2013	31 Mar 2012
(i) Interest on Deposits	**9,061,877**	6,346,881
(ii) Interest on RBI / Inter-bank borrowings *	**6,297,049**	4,102,843
(iii) Others	**-**	-
Total	**15,358,926**	10,449,724

* including interest on Repos, CBLOs and Subordinated Debt

(Currency: Indian rupees in thousands)

16 OPERATING EXPENSES

		31 Mar 2013	31 Mar 2012
(i)	Payments to and provisions for employees	**2,120,278**	1,942,887
(ii)	Rent, taxes and lighting	**699,299**	472,585
(iii)	Printing and Stationery	**14,915**	12,859
(iv)	Advertisement and publicity	**70,128**	37,369
(v)	Depreciation on Bank's property	**197,758**	196,094
(vi)	Auditor's fees and expenses	**3,275**	2,878
(vii)	Law Charges	**32,888**	85,052
(viii)	Postage, Telegram, Telephone, etc.	**40,493**	36,119
(ix)	Repairs and maintenance	**61,275**	80,636
(x)	Insurance	**177,450**	103,841
(xi)	Brokerage charges	**97,065**	51,172
(xii)	Professional Fees	**83,937**	87,062
(xiii)	Head Office Expenses	**187,550**	218,876
(xiv)	Computerisation and related expenses	**554,394**	497,603
(xv)	Travelling expenses	**91,462**	53,729
(xvi)	Fixed assets written off	**16,518**	-
(xvii)	Other Expenditure	**432,398**	241,910
	Total	**4,881,083**	4,120,672

17 PROVISIONS AND CONTINGENCIES

	31 Mar 2013	31 Mar 2012
Provisions for Off-Balance sheet exposures	**76,512**	-
Provision for Non Performing Assets (including write offs net of write backs)	**1,691,513**	794,582
Provision for Standard Asset (including credit exposure in derivatives)	**38,866**	423,086
Write-back of provision for Depreciation on Investments	**(124,534)**	(419,408)
Provision for Current Income-Tax	**2,809,495**	2,873,272
Deferred Tax credit	**(729,584)**	(527,378)
Provision for Wealth Tax	-	2
(Write-back) / Provision for Country Risk	**(8,186)**	11,675
Total	**3,754,082**	3,155,831

Schedule 18

Significant Accounting policies and Notes to Accounts

1. Background

The accompanying financial statements for the year ended 31 March 2013 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 2013 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 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').

4. Significant accounting policies *(Continued)*

(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.

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.13/21.04.141/2012-13 dated 02 July 2012, 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.

4. Significant accounting policies *(Continued)*

(ii) Investments (Continued)

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.13/21.04.141/2012-13 dated 02 July 2012, 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 and are held for trading purposes only. These 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.

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.

4. Significant accounting policies *(Continued)*

(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.

During the current year, fixed assets individually costing less than Rs. 40,000/- are fully expensed in the year of purchase as against Rs.10,000/- in the previous year.

Had the Bank continued only expensing the fixed assets costing less than Rs. 10,000/-, for the current year, Other expenditure would have been lower by INR 6,307 thousands and Depreciation would have been higher by INR 2,031 thousands. Consequently, profit after tax would have been higher by INR 4,276 thousands.

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 then 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.

4. Significant accounting policies *(Continued)*

(vi) Employee Benefits (Continued)

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.

(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.

4. Significant accounting policies *(Continued)*

(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 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 and wealth tax
- Provision for deferred taxation
- Charge for head office administrative expenses for the year
- Other usual and necessary provisions.

4. Significant accounting policies *(Continued)*

(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.

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 II 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 II requirement as well as under the earlier method (BASEL I) is set out below:

Per BASEL II

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
CRAR (%)	**12.99%**	14.38%
CRAR - Tier I Capital (%)	**9.25%**	9.32%
CRAR - Tier II Capital (%)	**3.74%**	5.06%
Amount of eligible Subordinated Debt in Tier-II	**8,685,600**	11,363,158

Per BASEL I

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
CRAR (%)	**12.04%**	13.01%
CRAR - Tier I Capital (%)	**8.57%**	8.43%
CRAR - Tier II Capital (%)	**3.47%**	4.58%
Amount of eligible Subordinated Debt in Tier-II	**8,685,600**	11,363,158

7. Investments

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
Value of investments (*)		
Gross value of investments	**181,676,236**	147,933,672
Less: Provision for depreciation	**3,549**	128,083
Net value of investments	**181,672,687**	147,805,589
Movement in Provisions held towards depreciation on investments		
Opening balance	**128,083**	547,491
Add: Provisions made during the year	**-**	-
Less: Write back of excess provisions during the year to Profit and Loss account	**124,534**	419,408
Closing Balance	**3,549**	128,083

(*) All investments are held in India.

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	15,349,738	52,167,990	35,158,734	42,650,000
	(-)	(39,038,579)	(11,493,226)	(28,500,000)
ii) Corporate debt securities	-	-	-	-
	(-)	(-)	(-)	(-)
Securities purchased under Reverse Repos				
i) Government securities	-	2,350,000	13,392	1,250,000
	(-)	(1,450,000)	(12,842)	(-)
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 2013 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*	9,751,208	1,616,500	-	116,500	116,500
		(7,302,226)	(196,500)	(-)	(116,500)	(116,500)
(iii)	Banks	57,775,524	-	-	-	-
		(56,638,346)	(-)	(-)	(-)	(-)
(iv)	Private Corporates	923,070	-	-	-	-
		(748,150)	(-)	(-)	(-)	(-)
(v)	Subsidiaries / Joint ventures	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)
(vi)	Others#	4,342,579	4,342,579	-	-	4,342,579
		(7,557,567)	(7,557,567)	(-)	(-)	(7,557,567)
(vii)	Provision held towards depreciation	-8	-8	-	-	-
		(-65,521)	(-65,521)	(-)	(-)	(-)
	Total	**72,792,373**	**5,959,071**	-	**116,500**	**4,459,079**
		(72,180,768)	**(7,688,546)**	(-)	**(116,500)**	**(7,674,067)**

(Figures in brackets indicate previous year figures)

* includes investments in NBFC issuances

\# Others represents investment in Pass Through Certificate ('PTCs') of INR 4,342,579 thousands. (Previous Year: INR 7,557,567 thousands)

10. Non performing Non – SLR Investments

Non performing Non – SLR Investments as at 31 March 2013 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 2013	As at 31 Mar 2012
Notional principal of Interest Rate Swaps	**2,107,708,913**	2,825,810,785
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**9,250,329**	15,361,734
Collateral required by the bank upon entering into swaps	**-**	-
Concentration of credit risk arising from the swaps (exposure to banking industry)	**92%**	93%
The fair value of the swap book [asset / (liability)]	**1,433,490**	2,357,880

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 2013		31 March 2012	
		Nos.	Notional Principal	Nos.	Notional Principal
3 Month MIFOR	Pay Fixed Receive Floating	**-**	**-**	1	250,000
3 Month MIFOR	Receive Fixed Pay Floating	**-**	**-**	1	250,000
6 Month MIFOR	Pay Fixed Receive Floating	**228**	**114,731,500**	238	109,548,000
6 Month MIFOR	Receive Fixed Pay Floating	**220**	**140,973,460**	179	118,689,960
6 Month EURIBOR	Pay Fixed Receive Floating	**15**	**605,599**	15	591,416
6 Month EURIBOR	Receive Fixed Pay Floating	**15**	**605,599**	15	591,416
OIS 1 year	Pay Fixed Receive Floating	**456**	**549,750,389**	784	950,740,000
OIS 1 year	Receive Fixed Pay Floating	**406**	**474,981,397**	730	886,060,000
OIS 6 months	Pay Fixed Receive Floating	**719**	**310,367,024**	607	273,315,972
OIS 6 months	Receive Fixed Pay Floating	**725**	**304,610,575**	598	281,907,192
JPY Libor 6 months	Pay Fixed Receive Fixed	**-**	**-**	2	111,506
JPY Libor 6 months	Pay Fixed Receive Floating	**2**	**97,443**	3	822,041
JPY Libor 6 months	Receive Fixed Pay Floating	**1**	**84,753**	2	808,409

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

Benchmark	Terms	31 March 2013		31 March 2012	
		Nos.	Notional Principal	Nos.	Notional Principal
USD Libor 1 month	Pay Floating Receive Floating	**1**	**338,510**	-	-
USD Libor 1 month	Pay Fixed Receive Floating	**6**	**2,913,476**	6	2,685,691
USD Libor 1 month	Receive Floating Pay Floating	**1**	**338,510**	-	-
USD Libor 1 month	Receive Fixed Pay Floating	**6**	**2,913,476**	5	2,628,711
USD BS Libor 3 months	Pay Floating Receive Floating	**24**	**9,227,877**	16	6,405,262
USD BS Libor 1 month 6 months	Receive Floating Pay Floating	**5**	**1,574,265**	3	724,969
USD Libor 3 months	Pay Fixed Receive Floating	**94**	**30,602,945**	71	26,806,779
USD Libor 3 months	Receive Floating Pay Floating	**4**	**576,354**	-	-
USD Libor 3 months	Receive Fixed Pay Floating	**93**	**29,540,995**	72	27,197,881
USD Libor 3 months	Pay Floating Receive Floating	**10**	**3,181,164**	13	3,508,554
USD BS Libor 1 month 3 months	Receive Floating Pay Floating	**1**	**2,171,400**	2	4,070,000
USD BS Libor 1 month 3 months	Pay Floating Receive Floating	**1**	**2,171,400**	-	-
USD Libor 6 months	Pay Fixed Receive Floating	**109**	**64,010,197**	97	55,299,362
USD Libor 6 months	Receive Fixed Pay Floating	**93**	**58,784,654**	90	68,808,955
USD Libor 6 months	Receive Floating Pay Floating	**16**	**2,555,951**	18	3,988,709
Total		**3,251**	**2,107,708,913**	3,568	2,825,810,785

All interest rate swaps have been entered into with reputed counter parties 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 2013. (Previous Year: INR Nil).

B S R & Co.
Chartered Accountants

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.

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.

All derivative trades entered by the Bank are undertaken in the trading book (there is no hedging book maintained by the Bank) and valued in line with the accounting policy (schedule 18 note 4[iv]) covering the trading transactions. 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.16/21.06.001/2012-13 dated July 2, 2012.

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

Quantitative Disclosures

Sr No	Particular	Currency Derivatives #	Interest Rate Derivatives
1	**Derivatives (Notional Principal Amount)**		
	(a) - For Hedging	-	-
	(b) - For Trading	2,868,793,136	2,109,344,248
2	**Marked to Market Positions**		
	(a) - Asset	5,202,244	1,433,490
	(b) - Liability	-	-
3	**Credit Exposure**	121,581,344	25,364,386
4	**Likely impact of 1% change in interest rates (100*PV01)**		
	(a) - On Hedging Derivatives	-	-
	(b) - On Trading Derivatives	581,217	(145,835)
5	**Maximum & Minimum of 100*PV01 observed during the year**		
	(a) - On Hedging : Maximum	-	-
	Minimum	-	-
	(b) - On Trading : Maximum	776,939	169,162
	Minimum	423,132	(527,659)

Currency Derivatives includes Foreign Exchange contracts.

14. Non Performing Assets (Funded)

Particulars	31 Mar 13	31 Mar 12
(i) Net NPA to Net Advances (%)	**2.37%**	0.60%
(iv) Movement in Gross NPAs		
(a) Opening Balance	**2,146,623**	834,480
(b) Additions during the year	**4,236,391**	1,394,084
Sub Total (A)	**6,383,014**	2,228,564
(a) Up gradations	-	-
(b) Recoveries	**148,099**	58,608
(c) Write-offs	**414,588**	23,333
Sub Total (B)	**562,687**	81,941
Gross NPAs as on 31 Mar (A-B)	**5,820,327**	2,146,623
(v) Movement in provisions for NPAs		
(a) Opening Balance	**1,372,266**	601,017
(a) Provisions made during the year *	**1,718,412**	842,270
(b) Write off / Write back of excess provisions **	**559,988**	71,021
(b) Closing Balance	**2,530,690**	1,372,266
(vi) Movement in Net NPAs		
(a) Opening Balance	**774,357**	233,463
(b) Additions during the year	**2,517,979**	551,814
(c) Reductions during the year	**2,699**	10,920
(d) Closing Balance	**3,289,637**	774,357

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

** Includes an amount of INR 120,000 thousands (Previous Year: INR Nil) 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 43.48% as on 31 March 2013 (Previous Year: 63.93%).

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 2013 is INR 247,635 thousands (Previous Year: INR 83,812 thousands) and the Net value is INR Nil (Previous Year: INR Nil).

17. Concentration of Gross NPA's

Particulars	31 Mar 13	31 Mar 12
Total Exposure to top four NPA accounts	**4,185,291 ***	1,712,149

* This 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 13	31 Mar 12
Agriculture & allied activities	-	5.48%
Industry (Micro & small, Medium and Large)	**3.68%**	0.87%
Services	**7.78%**	4.07%
Personal Loans	-	-

19. Concentration of Deposits

Particulars	31 Mar 13	31 Mar 12
Total Deposits of twenty largest depositors	**81,990,994**	60,441,241
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	**52.94%**	46.77%

20. Concentration of Advances

Particulars	31 Mar 13	31 Mar 12
Total Advances to twenty largest borrowers	**75,388,480**	63,972,933
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	**25.20%**	24.48%

Advances have been computed as per the definition of Credit Exposure including derivatives as prescribed in RBI's Master Circular DBOD.No.Dir.BC.3/13.03.00/2012-13 dated 02 July 2012.

21. Concentration of Exposures

Particulars	31 Mar 13	31 Mar 12
Total Exposure to twenty largest borrowers/customers	**75,388,480**	64,422,933
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	**24.47%**	24.24%

Exposures are computed based on Credit and Investment exposure as prescribed in RBI's Master Circular DBOD.No.Dir.BC.3/13.03.00/2012-13 dated 02 July 2012.

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 2013 (Previous Year: INR Nil).

Schedules to financial statements *(Continued)*

as at 31 March 2013

(Currency: Indian rupees in thousands)

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 April 1 of the FY (opening figures)	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																				

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 beginning of the next FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
5	Downgradations of restructured accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
6	Write-offs of restructured accounts during the FY	No. of borrowers													1		1			1		1
		Amount outstanding													49,800**		49,800**			49,800**		49,800**
		Provision thereon													49,800**		49,800**			49,800**		49,800**

Schedules to financial statements *(Continued)*

as at 31 March 2013

(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																						
7	Restructured Accounts as on March 31 of the FY (closing figures)	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*

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

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

Particulars	31 Mar 13	31 Mar 12
(i) No. of accounts	1	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	-	-
(ii) Aggregate consideration	**120,000**	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(vii) 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 2013 (Previous Year: INR Nil).

27. Provision for Standard Assets and Derivatives

Particulars	31 Mar 13	31 Mar 12
General Loan Loss Provision on Standard Assets	**595,644**	557,174
General Provision on Credit Exposures on Derivatives	**219,894**	219,498

28. Business Ratios

Particulars		31 Mar 13	31 Mar 12
i	Interest Income to working funds	**6.36%**	5.99%
ii	Non-interest income to working funds	**0.32%**	1.04%
iii	Operating profits to working funds	**1.65%**	2.17%
iv	Return on Assets	**0.72%**	1.12%
v	Business (deposits plus advances) per employee	**356,570**	327,816
vi	Net Profit per employee	**3,506**	4,269
vii	Percentage of Net NPA to Net Advances	**2.37%**	0.60%

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.

(Currency: Indian rupees in thousands)

29. Exposure to Capital Market

Sr. No.	Particulars	31 March 13	31 March 12
(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	4,400,000	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	650,000
(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	**4,400,000**	650,000

30. Exposure to Real Estate Sector

Particulars	31 Mar 2013	31 Mar 2012
a) **Direct Exposure**	**9,305,932**	8,298,413
(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)	**932**	1,081
(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;	**9,305,000**	8,297,332
(iii) Investments in Mortgage backed Securities (MBS) and other securitised exposures – a. Residential, b. Commercial Real Estate.	-	-
b) **Indirect Exposure**		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	**2,479,579** **2,479,579**	- -
Total Exposure to Real Estate Sector	**11,785,511**	8,298,413

31. Risk Category Wise Country Risk Exposure

Provision for Country Risk Exposure in terms of RBI master circular DBOD.No.BP.BC.9/21.04.048/2012-13 dated 02 July 2012 is as follows:

Risk Category	Exposure (net) as at 31 March 2013	Provision held as at 31 March 2013	Exposure (net) as at 31 March 2012	Provision held as at 31 March 2012
Insignificant	**21,831,000**	**12,057**	34,700,884	20,243
Low	**2,296,500**	-	3,226,749	-
Moderate	**2,313,437**	-	344,509	-
High	**122,868**	-	3,652	-
Very high	**761,931**	-	7,994	-
Restricted	**11,122**	-	-	-
Off-credit	-	-	-	-
Total	**27,336,858**	**12,057**	38,283,788	20,243

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 Sesa Goa Limited and United Spirits Limited. The Bank's credit exposures ceiling to group borrowers has been exceeded in Tata Group. Prior approval of the India Management Committee has been obtained for exceeding the exposure ceiling in the above accounts.

33. Unsecured Advances

There are unsecured advances of INR 100,000 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 216,410 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: INR 500 thousands levied by RBI on 26 April 2011 in exercise of powers under section 46(4) of the Banking Regulation Act, 1949 for contraventions under section 47A(1)(b)).

35. Income Tax

The amount of provision for Income Tax made during the year is:

Particulars	31 Mar 2013	31 Mar 2012
Provision for Current Income-Tax	**2,809,495**	2,873,272
Deferred Tax credit	**(729,584)**	(527,378)

36. Deferred Taxes

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

Particulars	31 Mar 2013	31 Mar 2012
Deferred tax assets (A):	**1,738,215**	1,034,838
- Depreciation on fixed assets	**52,342**	11,010
- Provision on advances	**1,489,221**	903,070
- Disallowance u/s 43B of Income Tax Act 1961	**103,096**	54,037
- Provision for employee benefits	**35,762**	21,926
- Amortisation of fee income	**57,794**	43,727
- Other Provisions	**-**	1,068
Deferred tax liabilities (B):	**(160,014)**	(186,221)
- Amortisation of club membership fees	**(654)**	(954)
- Allowance u/s 36 (1) (vii a) of Income Tax Act 1961	**(159,360)**	(185,267)
Net Deferred tax assets (A-B)	**1,578,201**	848,617

37. Subordinated Debt

The Bank did not raise any Subordinated Debt during the year ended 31 March 2013. (Previous Year: INR Nil).

Schedules to financial statements *(Continued)*

as at 31 March 2013

(Currency: Indian rupees in thousands)

38. 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	1,530,326 (890,232)	37,745,560 (12,506,176)	19,741,814 (30,934,242)	19,258,480 (13,845,260)	31,407,985 (17,777,711)	12,820,765 (9,930,037)	13,760,026 (28,410,867)	14,579,260 (10,932,432)	2,799,730 (2,770,945)	1,232,318 (1,222,316)	154,876,264 (129,220,218)
Advances	20,595,323 (1,879,666)	4,902,795 (11,881,078)	9,316,147 (5,927,887)	11,380,651 (27,290,614)	38,105,876 (28,098,932)	20,368,271 (20,400,071)	9,365,470 (11,671,579)	12,590,853 (12,917,558)	10,580,584 (5,220,906)	1,374,632 (3,154,500)	138,580,602 (128,442,791)
Investments	58,076,738 (2,637,068)	14,062,007 (34,183,236)	5,922,961 (11,316,094)	4,303,453 (7,610,940)	7,285,684 (8,749,127)	4,062,176 (2,205,150)	64,768,951 (56,013,393)	8,343,129 (10,209,025)	545,762 (700.485)	14,301,826 (14,181,071)	181,672,687 (147,805,589)
Borrowings	190,756 (32,987)	84,823,828 (40,884,108)	14,547,161 (17,645,150)	11,827.783 (20,697,679)	25,788,150 (18,457,435)	1,146,338 (3,309,426)	8,349,072 (7,366,700)	21,800,691 (19,495,146)	- (20,350,000)	- (-)	168,473,779 (148,238,631)
Foreign Currency Assets (*)	17,150,569 (10,300,130)	3,787,749 (6,888,591)	6,219,051 (5,222,385)	6,099,210 (19,417,117)	11,146,366 (13,879,968)	10,041,048 (12,768,776)	750,891 (244,205)	- (-)	- (-)	641,242 (600,961)	55,836.126 (69,322,133)
Foreign Currency Liabilities (*)	2,086,434 (2,430,323)	3,321,688 (7,230,728)	2,555,268 (6,199,174)	11,842,952 (20,884,926)	30,722,766 (19,264,695)	4,753,892 (5,591,157)	11,332,040 (31,563,097)	22,482,976 (20,538,512)	4,265 (20,350,000)	- (-)	89,102,281 (134,052,612)

(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.

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39. 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", "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, 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.

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.

(Currency: Indian rupees in thousands)

39. Segmental Reporting *(Continued)*

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 (external revenue)	12,291,573 (8,970,075)	14,376,869 (11,967,453)	211,017 (143,939)	- (-)	26,879,459 (21,081,467)
Total Revenue					26,879,459 (21,081,467)
Results	4,736,365 (2,772,248)	2,041,219 (3,517,176)	- 624,825 (-588,290)	- 1,187,480	4,965,279 (5,701,134)
Unallocated expenses					- (-)
Operating Profit					4,965,279 (5,701,134)
Tax					2,079,911 (2,345,894)
Extraordinary profit/loss					- (-)
Net Profit after Tax					**2,885,368 (3,355,240)**

Previous year number for results of the FMU segment has not been disclosed as relevant information is not available with the Bank.

	Treasury & Markets	Corporate / Wholesale Banking	Retail Banking	Funding Management Unit	Total
Segment Assets	263,351,083 (231,875,086)	140,063,468 (129,156,720)	115,291 (50,805)		403,529,842 (361,082,611)
Unallocated assets					3,551,547 (2,776,612)
Total Assets					**407,081,389 (363,859,223)**
Segment Liabilities	218,668,180 (203,390,911)	115,451,805 (92,823,772)	42,964,268 (40,538,610)	29,303,387 (26,418,019)	406,387,640 (363,171,312)
Unallocated Liabilities					693,749 (687,911)
Total Liabilities					**407,081,389 (363,859,223)**

(Figures in brackets indicate previous year figures)

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

40. Related Parties

Related parties disclosures under AS 18 include:

Ultimate Parent

DBS 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., Los Angeles
- DBS Bank Ltd., China
- 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.14 /21.04.018/2012-13 dated 02 July 2012, 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 2013	31 Mar 2012
Deposit	**68**	68
	(68)	(68)
Placement of Deposits	**59,632**	12,970
	(5,228,380)	(3,677,577)
Borrowings	**-**	-
	(2,171,400)	(3,052,500)
Guarantees / Derivatives / Forward Contracts	**644,840**	24,337
	(771,839)	(1,203,230)
Interest paid	**474**	432
Interest received	**64**	58
Rendering of services	**736**	31
Receiving of services	**22,589**	24,889

(Figures in brackets indicate maximum outstanding during the year)

40. Related Parties *(Continued)*

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:

Deposits:

Deposit was placed by DBS Bank (Hong Kong) Limited INR 68 thousands (Previous Year: INR 68 thousands).

Placement of Deposits:

Nostro deposit was placed with DBS Bank Ltd., Tokyo INR 6,426 thousands (Previous Year: INR 11,054 thousands). Nostro deposit was placed with DBS Bank Ltd., London INR 51,585 thousands (Previous Year: INR 581 thousands)

Guarantees / Derivatives / Forward Contracts:

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

Interest paid:

Interest on money market borrowing paid to DBS Bank Ltd., London INR 474 thousands (Previous Year: INR 432 thousands).

Interest received:

Interest on money market lending received from DBS Bank Ltd., London INR 64 thousands (Previous Year: INR 58 thousands).

Rendering of Services:

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

Receiving of Services:

Direct Billing costs pertaining to DBS Bank Ltd., Hong Kong INR 21,052 thousands (Previous Year: INR 24,585 thousands).

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41. 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 2013	31 Mar 2012
Not later than one year	**141,147**	42,835
Later than one year and not later than 5 years	**167,227**	63,062
Later than five years	**Nil**	Nil

The lease payments for the year ended 31 March 2013 charged to the Profit and Loss Account amount to INR 543,057 thousand (Previous Year: INR 401,040 thousands).

42. Employee Benefits

Provident Fund: The Bank's contribution to the Employees' Provident Fund during the year was INR 67,233 thousands (Previous Year: INR 56,644 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 2013 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 2013 based on actuarial valuation is INR 8,116 thousands.

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

	Particulars	31 Mar 2013	31 Mar 2012
A	Value of the Interest Rate Guarantee	**8,116**	7,655
B	Accumulated Balance in the Provident Fund	**753,111**	562,407
C	Present Value of the Obligation (A+B)	**761,227**	570,062
D	Carrying Value of Plan Assets	**753,111**	562,407
E	**Liability recognized in the Balance Sheet (C – D)**	**8,116**	7,655

Table 2: Parameters of PF investment and obligations

	Particulars	31 Mar 2013	31 Mar 2012
I	Discount rate for the term of the obligation	**8.5% p.a.**	8.25% p.a.
II	Average historical yield on the investment portfolio	**8.5% p.a.**	8.5% p.a.
III	Discount rate for the remaining term to maturity of the investment portfolio	**8.5% p.a.**	8.5% p.a.
IV	Expected Investment Return	**8.4% - 8.5% p.a.**	8.4% - 8.5% p.a.
V	Guaranteed Rate of Return	**8.5% p.a.**	8.25% p.a.
VI	Salary escalation rate for the term of the obligation	**10% p.a.**	10% p.a.

42. Employee Benefits *(Continued)*

Compensated Absences: The Bank has charged to the Profit and Loss Account an amount of INR 5,974 thousands as liability for compensated absences during the year ended 31 March 2013. (Previous Year: INR 2,983 thousands).

Principal Actuarial Assumptions	31 Mar 2013	31 Mar 2012
Discount Rate (per annum)	**7.9%**	8.8%
Salary Escalation Rate (per annum)	**7%**	7%
Mortality	**IALM 2006-08 (Ultimate)**	LIC 1994-96 (Ultimate)
Withdrawal rate (per annum)	**18%**	20%

Gratuity: The Bank's contribution to Life Insurance Corporation of India ('LIC') towards the Gratuity Fund for the year ended 31 March 2013 was INR Nil (Previous Year INR 799 thousand).

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 2013	31 Mar 2012
Defined Benefit Obligation	**86,181**	56,187
Fair value of plan assets	**22,757**	25,692
Deficit/(surplus)	**63,424**	30,495
Effect of limit on plan surplus	-	-
Unrecognized Past service Costs	-	-
Net deficit/(surplus)	**63,424**	30,495

(II) Changes in Defined Benefit Obligation during the Year	31 Mar 2013	31 Mar 2012
Opening Defined Benefit Obligation	**56,187**	46,350
Interest cost	**4,944**	3,847
Current Service Cost	**19,473**	12,633
Past Service Cost	-	-
Actuarial (Gain) / Losses	**10,780**	(4,595)
Benefits Paid	**(5,203)**	(2,048)
Closing Defined Benefit Obligation	**86,181**	56,187

(III) Changes in fair value of Plan Assets	31 Mar 2013	31 Mar 2012
Opening Fair Value of Plan Assets	**25,692**	24,675
Expected Return on Plan Assets	**1,961**	1,960
Actuarial Gain / (Losses)	**307**	306
Contributions by employer	-	799
Benefits Paid	**(5,203)**	(2,048)
Closing Fair Value of Plan Assets	**22,757**	25,692
Estimated Employer Contributions for the next year	**20,000**	20,000
Actual Return on Plan Assets	**2,267**	2,266

42. Employee Benefits *(Continued)*

(IV) Net Asset / (Liability) recognized in the Balance Sheet	31 Mar 2013	31 Mar 2012
Present Value of obligations as at year end	**86,181**	56,187
Fair Value of plan assets as at year end	**22,757**	25,692
Net Asset / (Liability) recognised in the Balance Sheet	**(63,424)**	(30,495)

(V) Amount recognized in the Profit and Loss Account	31 Mar 2013	31 Mar 2012
Current Service Cost	**19,473**	12,633
Interest on Defined Benefit Obligation	**4,944**	3,847
Expected Return on Plan Assets	**(1,961)**	(1,960)
Net Actuarial Losses / (Gains) for the current year	**10,473**	(4,901)
Amount recognized in the Profit and Loss Account	**32,929**	9,619

(VI) Asset Information	31 Mar 2013	31 Mar 2012
Insurer Managed Funds	**22,757**	**25,692**

(VII) Experience adjustment	31 Mar 13	31 Mar 12	31 Mar 11	31 Mar 10	31 Mar 09
Experience adjustment on Plan Liabilities : (Gain) / Loss	**6,418**	(4,899)	(960)	4,653	(1,635)
Experience adjustment on Plan Asset : Gain / (Loss)	**307**	306	255	263	191

(VIII) Principal Actuarial Assumptions	31 Mar 2013	31 Mar 2012
Discount Rate (per annum)	**7.9%**	8.8%
Expected rate of return on assets (per annum)	**8%**	8%
Salary Escalation Rate (per annum)	**7%**	7%
Attrition Rate	**18%**	20%
Expected average remaining working lives of employees	**4 years**	4 years
Mortality Rate	**IALM 2006-08 Ult.**	LIC 1994-96 Ult.

43. Employee share based payments

The Bank grants shares in its ultimate parent, DBS Bank Ltd., Singapore 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.

43. Employee share based payments *(Continued)*

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 Bank Ltd., Singapore 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 2013 is shown below:

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

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

A reconciliation of employee share based payment movements in number of shares during the year ended 31 March 2012 is shown below:

	Restricted Share Plan				Chairman's Recognition Award			
No. of Shares	2009	2010	2011	2012	2009	2010	2011	2012
Outstanding as at 1 April 2011	40,616	97,978	97,397	-	2,325	16,450	32,100	-
Granted	-	-	-	66,747	-	-	-	51,400
Additional shares for rights issue	-	-	-	-	-	-	-	-
Vested	40,426	25,979	-	-	2,025	5,095	-	-
Lapsed	190	3,492	335	-	300	1,000	3,050	400
No. of unvested shares as at 31 March 2012	-	68,507	97,062	66,747	-	10,355	29,050	51,000

The weighted average fair value of shares awarded as shown above were in the range of SGD 8.05 – SGD 14.48.

43. Employee share based payments *(Continued)*

The charge to Profit and Loss Account for the year ended 31 March 2013 was INR 25,417 thousands (Previous Year: INR 129,635 thousands).

Liability on account of share based payment as at 31 March 2013 is INR 17,306 thousands (Previous Year: INR 52,285 thousands).

44. Complaints

In terms of RBI Circular DBOD.BP.BC No.14 /21.04.018/2012-13 dated 2 July 2012, the details of customer complaints and Banking Ombudsman awards during the year are as under:

Particulars	31 Mar 13	31 Mar 12
No. of complaints pending at the beginning of the year	4	1
No. of complaints received during the year	412	140
No. of complaints redressed during the year	415	137
No. of complaints pending at the end of the year	1	4

Particulars	31 Mar 13	31 Mar 12
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	-	-

45. 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'.

46. 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.

46. 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 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.

47. 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 2013 (Previous Year: INR Nil).

48. Movement in provisions

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

Particulars	31 Mar 13	31 Mar 12
Opening balance at the beginning of the period	**78,842**	57,507
Add : Provision made during the period	**223,316**	78,842
Less : Utilisation, write back of excess provisions during the period	**78,842**	57,507
Closing balance at the end of the period	**223,316**	78,842

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

49. Other Disclosures

- The Bank did not hold any floating provision in its books as at 31 March 2013 (Previous Year: INR Nil).
- Deposits as reported in Schedule 3 include deposits kept by customers as margin against credit facilities INR 3,573,702 thousands (Previous Year: INR 5,843,764 thousands).

49. Other Disclosures *(Continued)*

- The Bank has transferred INR 54,150 thousands (Previous Year: INR 182,367 thousands) to Investment Reserve account from Balance in Profit and Loss Account. There was no drawdown on Reserves during the year ended 31 March 2013. (Previous Year: INR Nil).
- The Bank did not issue any Letters of Comfort (LoC) during the year ended 31 March 2013 (Previous Year: INR Nil).
- The current year Profit and Loss Account includes INR NIL amount on account of deferred tax asset pertaining to prior period, which are required to be disclosed as per AS 5, read with RBI guidelines (Previous Year: INR 107,240 thousands).
- 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 2013. (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 49,590 thousands in respect of Bancassurance business undertaken during the year ended 31 March 2013 (Previous Year: INR 33,594 thousands).
- The net book value of the fixed assets includes computer software of INR 51,211 thousands as at 31 March 2013 (Previous Year: INR 71,247 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.**
Chartered Accountants
Firm's Registration No: 101248W

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
13 May 2013

For **DBS Bank Ltd., India**

Sanjiv Bhasin
General Manager and Chief Executive Officer

Yazad Cooper
Chief Financial Officer

Mumbai
13 May 2013

DBS Bank Ltd., India

Basel II: Pillar 3 Disclosures

as at 31 March 2013

(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 2013, the Bank has a presence of 12 branches across 12 cities. The Bank does not have any subsidiaries in India and the disclosures contained herein only pertains to the Bank.

Quantitative Disclosures

Capital Deficiencies: The Bank does not have any subsidiaries in India and is accordingly not required to prepare Consolidated Financial Statements. Also, it does not have any interest in Insurance Entities.

2. Capital Structure

Qualitative Disclosures

Composition of **Tier 1** Capital

- Interest free Capital funds injected by Head office
- Statutory Reserves calculated at 25% net profits of each year
- Capital retained in India for CRAR purposes and
- Capital Reserves

Composition of **Tier 2** Capital

- Subordinated Debt
- Investment Reserve Account
- Provisions on Standard Assets/Derivatives,
- Provision for Country Risk and
- Excess Provision on sale of NPA

2. Capital Structure *(Continued)*

Capital Funds

	Particulars	31 Mar 13
A.	**Tier I Capital**	**24,366,967**
	Of which	
	- Capital (Funds from Head Office)	**14,603,321**
	- Reserves and Surplus	**11,492,955**
	- Amounts deducted from Tier I capital :	
	- Deferred Tax Asset	**(1,578,201)**
	- Adjustment for less liquid positions	**(151,108)**
B.	**Tier 2 Capital (net of deductions)**	
	Of which	**9,870,712**
	B.1 Subordinated debt eligible for inclusion in Tier 2 capital	
	- Total amount outstanding	**39,649,596**
	- Of which amount raised during the period	**-**
	- Amount eligible as capital funds	**8,685,600**
	B.2 Other Tier 2 Capital	
	- Investment reserve account	**236,517**
	- Provision for Standard Assets/Derivatives	**815,538**
	- Provision for Country Risk	**12,057**
	- Excess Provision on sale of NPA	**121,000**
C.	**Total Eligible Capital**	**34,237,679**

Particulars	31 Mar 13
Tier 1 Capital	**24,366,967**
Total Capital	**34,237,679**
Total Capital Required	**23,715,826**
Tier 1 Capital ratio	**9.25%**
Total Capital Adequacy ratio	**12.99%**

3. Capital Adequacy

Qualitative disclosures

The CRAR of the Bank is 12.99% as computed under Basel II norms. Under the earlier Basel I norms, the CRAR would have been 12.04%. The ratio under both frameworks 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 II and Basel III applicable from April 2013. The Bank maintains a strong discipline over capital allocation and ensuring that returns on investment cover capital costs.

3. Capital Adequacy *(Continued)*

Quantitative disclosures

	Particulars	31 Mar 13
A	Capital requirements for Credit Risk *(Standardised Approach)*	**17,330,844**
B	Capital requirements for Market Risk *(Standardised Duration Approach)*	
	- Interest rate risk	**4,316,335**
	- Foreign exchange risk	**315,000**
	- Equity risk	-
	- Unearned Credit spreads	**577,919**
C	Capital requirements for Operational risk *(Basic Indicator Approach)*	**1,175,728**
D	Adjustment for Prudential Floor	-
E	Capital Adequacy Ratio of the Bank (%)	**12.99%**
F	Tier I CRAR (%)	**9.25%**

4. 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.

4. General Disclosures *(Continued)*

A) General Disclosures for Credit Risk (Continued)

Qualitative Disclosures (Continued)

Credit Risk Management Policy *(Continued)*

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.

Quantitative Disclosures

Credit Exposure

Particulars	31 Mar 13
Fund Based (Gross Advances)	**141,111,292**
Non Fund Based *	**195,666,454**

* 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.

4. General Disclosures *(Continued)*

Industry wise Exposures (Fund Based Advances)

Industry	31 Mar 13
Bank	13,923,819
Infrastructure	13,666,287
Construction	10,392,067
Engineering	8,808,992
NBFC's	7,604,087
Beverages	7,108,571
Drugs and Pharmaceuticals	6,930,872
Iron & Steel	6,736,174
Metal & Metal Products	6,717,714
Mining	5,585,366
Manufacturing	4,312,775
Petroleum	4,205,000
Other Chemicals, Dyes, Paints, etc	4,098,873
Vehicles, Vehicle Parts and Transport Equipments	3,582,658
Telecommunications	3,485,655
Paper & Paper Products	3,391,368
Textiles	3,287,431
Trading	3,117,885
Food Processing	2,762,991
Electrcity	1,955,011
Electronics	1,711,545
Services	1,693,642
Rubber, Plastic and their Products	1,616,411
Energy	1,373,708
Hospitality	1,315,062
Computer Software	1,098,213
Glass & Glassware	1,050,000
Residual advances	932
Other industries	9,578,183
Total Credit Exposure	**141,111,292**

Industry wise Exposures (Non - Fund Based)*

Industry	31 Mar 13
Bank	120,830,803
Electricity	6,126,437
Manufacturing	4,143,088
Other Chemicals, Dyes, Paints, etc	3,951,935
Petroleum	3,725,732
Construction	2,992,977
Iron & Steel	2,843,826
Telecommunications	2,738,618
Infrastructure	2,159,305
NBFC's	2,148,113
Engineering	2,110,784
Trading	2,093,201
Drugs and Pharmaceuticals	1,819,954
Power	1,602,702
Information & Technology/Communication	1,509,293
Services	1,460,076
Cement	1,350,517

4. General Disclosures *(Continued)*

Industry wise Exposures (Non - Fund Based)* ***(Continued)***

Industry	31 Mar 13
Energy	1,266,510
Rubber, Plastic and their Products	1,233,058
Automobiles including trucks	1,232,327
Vehicles, Vehicle Parts and Transport Equipments	1,146,993
Textiles	1,053,668
Hospitality	982,720
Computer Software	945,194
Metal & Metal Products	923,070
Other industries	23,275,553
Total Credit Exposure	**195,666,454**

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

Basel II: Pillar 3 Disclosures *(Continued)*

as at 31 March 2013

(Currency: Indian rupees in thousands)

4. General Disclosures *(Continued)*

Maturity of Assets as at 31 March 2013

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Assets	Other Assets
1 day	32,711	66,107	14,056,233	58,076,738	20,595,323	-	385,099
2–7 days	-	3,275,303	749,302	14,062,007	4,902,795	-	91,460
8–14 Days	-	1,153,832	-	5,922,961	9,316,147	-	108,627
15–28 Days	-	890,535	-	4,303,453	11,380,651	-	117,289
29 Days–3 Months	-	904,804	-	7,285,684	38,105,876	-	434,500
3–6 Months	-	397,692	-	4,062,176	20,368,271	-	236,042
6 Months – 1 Year	-	426,309	-	64,768,951	9,365,470	-	360,353
1–3 Years	-	394,894	2,500	8,343,129	12,590,853	-	398,461
3–5Years	-	114,507	-	545,762	10,580,584	-	380,744
Over 5Years	-	2,071,475	-	14,301,826	1,374,632	527,724	59,251,597
Total	**32,711**	**9,695,458**	**14,808,035**	**181,672,687**	**138,580,602**	**527,724**	**61,764,172**

4. General Disclosures *(Continued)*

Classification of NPA's

Particulars	31 Mar 13
Amount of NPAs (Gross)	5,820,327
Substandard	4,233,692
Doubtful 1	1,173,961
Doubtful 2	412,674
Doubtful 3	-
Loss	-

Movement of NPAs and Provision for NPAs

	Particulars	31 Mar 13
A	Amount of NPAs (Gross)	5,820,327
B	Net NPAs	3,289,637
C	NPA Ratios	
	- Gross NPAs to gross advances (%)	4.12%
	- Net NPAs to net advances (%)	2.37%
D	Movement of NPAs (Gross)	
	- Opening balance as of the beginning of the financial year	2,146,623
	- Additions	4,236,391
	- Reductions on account of recoveries/ write - offs	562,687
	- Closing balance	5,820,327
E	Movement of Provision for NPAs	
	- Opening balance as of the beginning of the financial year	1,372,266
	- Provision made during the year	1,718,412
	- Write – offs / Write – back of excess provision	559,988
	- Closing balance	2,530,690

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	31 Mar 2013
Opening Balance	128,083
Add: Provisions Made During the Year	-
Less: Write off / Write back of Excess provisions during the Year	124,534
Closing Balance	3,549

(Currency: Indian rupees in thousands)

5. 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, Fitch India, ICRA, Brickwork, SMERA, S&P, 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	31 Mar 13
< 100 % Risk Weight	**70,156,534**
100 % Risk Weight	**48,397,453**
> 100 % Risk Weight	**20,026,615**
Total	**138,580,602**

6. 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 2013, the Bank has not availed of Credit Mitigation techniques.

7. 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

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

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.

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.

8. 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 Stress 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.

Quantitative Disclosures

Capital Requirement for Market Risk

Particulars	31 Mar 13
Interest rate risk	**4,316,335**
Foreign exchange risk (including gold)	**315,000**
Equity position risk	-
Unearned credit spreads	**577,919**

9. Operational Risk

Qualitative Disclosures

Overview

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".

There are three dimensions of operational risk:

- Risk Cause
- Risk Event
- Risk Effect

The Core Operational Risk Standards ('CORS') is a set of minimum operating control standards that apply to all Business Units / Support Units (BU/SU) to manage Operational Risk consistently throughout the Bank. Business specific policies and procedures are required to be in line with these minimum control standards. The effective implementation of these standards in conjunction with corporate and business-specific policies provides the Bank with reasonable assurance that it is proactively managing its Operational Risk.

The CORS broadly cover guidelines for risks and control around:

- Management oversight
- People management
- Transaction initiation, execution and maintenance
- Financial & accounting control
- Legal, regulatory and market practice compliance
- Software, systems development and infrastructure management
- Information security
- Physical security
- Business continuity management

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.

9. Operational Risk *(Continued)*

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)
- Prepare the Bank to qualify for any potential reduction in operational risk capital under Basel II.

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 Tools and Mechanisms

Control Self Assessment (CSA): The CSA programme is for:

- Business Units and Support Units to self assess the effectiveness of their internal controls so as to provide reasonable assurance that business objectives can be met
- Promoting awareness of operational risk and control throughout the Bank
- Identifying issues requiring corrective action.

Risk Event Management (REM) and reporting helps to:

- Minimise the recurrence of past mistakes and risk exposures through proper implementation of mitigating measures / action plans;
- Build a centralised risk event database that is in line with Basel II requirements for purpose of progressing into a more sophisticated capital quantification approach for Operational Risk;
- Promote transparency, thereby ensuring timely resolution of risk events and implementation of mitigating measures.

9. Operational Risk *(Continued)*

Key Risk Indicators (KRI) tracking and reporting:

- Serves as a pre-warning signal of the changes in the level of risks and the effectiveness of controls across the Bank; and
- Prompts corrective action to be taken to prevent or reduce potential loss exposures through proper tracking and trend analysis of KRIs.

New Product Approval (NPA) is a review / approval process to ensure that:

- New business initiatives through product launches and changes to existing businesses through product variants are introduced in a controlled manner
- Risks inherent in the new proposals are properly addressed
- Appropriate due diligence is conducted prior to the commencement of new business.

Approach for operational risk capital assessment

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

10. 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.

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
31 March 2013	(1,078.79)

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.

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

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
31 March 2013	(1,624.67)