



## **INDEPENDENT AUDITOR'S REPORT TO THE INDIA MANAGEMENT COMMITTEE OF DBS BANK LIMITED, INDIA BRANCHES**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **DBS BANK LIMITED, INDIA BRANCHES** (the "Bank"), which comprise the Balance Sheet as at 31 March, 2015, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949; the Companies Act, 2013 in the manner so required for banking companies and the Guidelines issued by the Reserve Bank of India from time to time, and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

### **Other Matter**

The audit of financial statements of the Bank for the year ended 31 March, 2014 was carried out by the previous auditors of the Bank.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Companies Act, 2013 and Section 30 of the Banking Regulation Act, 1949 we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.

- (b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.
  - (c) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.
  - (d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
  - (e) The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to banks.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12 (i) to the financial statements;
    - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 5 (vi) and 11 (vii) to the financial statements;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
2. We report that during the course of our audit we have visited and performed select relevant procedures at 10 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the core banking systems, it does not require its branches, to submit any financial returns. Accordingly our audit is carried out centrally at the Head Office based on the necessary records and data required for the purposes of our audit being made available to us.

For **DELOITTE HASKINS & SELLS**  
*Chartered Accountants*  
(Registration No. 117365W)

Sd/-  
**Kalpesh J. Mehta**  
*Partner*  
(Membership No.48791)

**Mumbai**, 11 May, 2015

# DBS BANK

INDIA

*BALANCE SHEET  
AS AT 31 MARCH 2015*

*PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2015*

(Currency: Indian rupees in thousands)

(Currency: Indian rupees in thousands)

<i>Schedule</i>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>	<i>Schedule</i>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
<b>CAPITAL AND LIABILITIES</b>			<b>INCOME</b>		
Capital	1	25,438,861	25,438,861	Interest earned	13
Reserves and surplus	2	11,976,132	14,722,527	Other income	14
Deposits	3	173,949,565	175,068,882	<b>Total</b>	
Borrowings	4	99,826,805	145,256,405	<u>25,594,047</u>	<u>28,158,497</u>
Other liabilities and provisions	5	48,169,367	94,139,461	<b>EXPENDITURE</b>	
<b>Total</b>		<u>359,360,730</u>	<u>454,626,136</u>	Interest expended	15
				Operating expenses	16
				Provisions and contingencies	17
				<b>Total</b>	
<b>ASSETS</b>				<u>15,288,130</u>	17,717,043
Cash and balances with Reserve Bank of India	6	7,524,693	8,689,080	6,012,515	5,075,484
Balances with banks and money at call and short notice	7	1,223,788	13,496,209	7,039,797	5,343,509
Investments	8	135,165,586	180,817,080	<u>28,340,442</u>	<u>28,136,036</u>
Advances	9	158,448,729	151,548,369	<b>PROFIT</b>	
Fixed assets	10	529,078	515,725	Net Profit for the year	
Other assets	11	56,468,856	99,559,673	Profit brought forward	
<b>Total</b>		<u>359,360,730</u>	<u>454,626,136</u>	<b>(2,746,395)</b>	22,461
Contingent liabilities	12	5,341,728,113	5,171,965,378	<u>1,696,473</u>	2,970,058
Bills for collection		57,476,634	45,428,842	<b>Total</b>	
Significant accounting policies and notes to accounts	18			<u>(1,049,922)</u>	<u>2,992,519</u>
				<b>APPROPRIATIONS</b>	
				Transfer to Statutory Reserve	
				Transfer (from)/to Investment Reserve Account	
				Capital retained in India for CRAR purposes	
				Balance carried over to Balance Sheet	
				<b>Total</b>	
				-	5,615
				95,494	(79,569)
				1,600,000	1,370,000
				<b>(2,745,416)</b>	1,696,473
				<u>(1,049,922)</u>	<u>2,992,519</u>

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

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*As per our report of even date attached.*

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**For Deloitte Haskins & Sells**  
Chartered Accountants

**For DBS Bank Ltd., India**

**Sd/-**  
**Kalpesh J. Mehta**  
Partner  
Membership No: 48791

**Sd/-**  
**Sanjiv Bhasin**  
General Manager and  
Chief Executive Officer

**Sd/-**  
**Rajesh Prabhu**  
Managing Director and  
Chief Financial Officer

Mumbai  
11 May 2015

Mumbai  
11 May 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

(Currency: Indian rupees in thousands)

	31 Mar 2015	31 Mar 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (Loss) before taxation and extraordinary items	(4,795,035)	(175,317)
<b>Adjustments for:</b>		
Depreciation on Fixed Assets	300,119	284,339
Loss on sale and writeoff of Fixed assets	43	115
Provision on Standard Assets/Derivatives	106,058	164,226
(Write back) /Provisions for Depreciation on Investments	(168,301)	186,980
(Write back) / Provisions for contingent credit	(110,360)	35,988
Provision / (Write back) of provisions for country risk	497	(3,437)
Provision for Non Performing Assets (including write offs net of write backs)	9,260,543	5,157,530
Provision for Employee Benefits including bonus	57,548	25,398
<b>Operating profit before working capital changes</b>	<b>4,651,112</b>	<b>5,675,822</b>
Decrease in Investments (excluding HTM investments)	46,683,828	318,627
(Increase) in Investments in equity	(45,532)	-
(Increase) in Investments in Security Receipts of ARC	(935,000)	-
(Increase) in Advances	(16,160,905)	(18,125,297)
Decrease / (Increase) in Other Assets	45,868,918	(35,686,310)
(Decrease) / Increase in Deposits	(1,119,317)	20,192,618
(Decrease) / Increase in Other liabilities and provisions	(46,023,834)	39,489,327
	<u>32,919,270</u>	<u>11,864,787</u>
Income Tax Paid	(729,463)	(1,911,413)
<b>Net cash from operating activities</b>	<b>32,189,807</b>	<b>9,953,374</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (net of write off)	(262,979)	(407,305)
Proceeds from sale of Fixed Assets	-	305
(Increase) / Decrease in Capital Work in Progress	(50,536)	134,545
Redemption in HTM investments	116,500	350,000
<b>Net cash from investing activities</b>	<b>(197,015)</b>	<b>77,545</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional Capital from Head Office	-	10,835,540
(Decrease) in Borrowings (excluding Subordinated debt)	(46,463,600)	(7,533,778)
Sub debt raised from Head office	16,250,000	-
Repayment of sub debt to Head office	(15,216,000)	(15,683,596)
<b>Net cash from financing activities</b>	<b>(45,429,600)</b>	<b>(12,381,834)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(13,436,808)</b>	<b>(2,350,915)</b>
Cash and cash equivalents at the beginning of the year	22,185,289	24,536,204
Cash and cash equivalents at the end of the year	8,748,481	22,185,289
Net (decrease) in cash and cash equivalents	<u>(13,436,808)</u>	<u>(2,350,915)</u>
<b>Notes: Cash and cash equivalents represent</b>		
Cash and balances with Reserve Bank of India (refer schedule 6)	7,524,693	8,689,080
Balances with banks and money at call and short notice (refer schedule 7)	1,223,788	13,496,209
<b>Total</b>	<b>8,748,481</b>	<b>22,185,289</b>

*As per our report of even date attached.*

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For DBS Bank Ltd., India**

Sd/-  
**Kalpesh J. Mehta**  
Partner  
Membership No: 48791

Sd/-  
**Sanjiv Bhasin**  
General Manager and  
Chief Executive Officer

Sd/-  
**Rajesh Prabhu**  
Managing Director and  
Chief Financial Officer

Mumbai  
11 May 2015

Mumbai  
11 May 2015

# DBS BANK

INDIA

## SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015

(Currency: Indian rupees in thousands)			(Currency: Indian rupees in thousands)		
	31 Mar 2015	31 Mar 2014		31 Mar 2015	31 Mar 2014
<b>1 CAPITAL</b>			<b>B (i) Deposits of branches in India</b>	<b>173,949,565</b>	175,068,882
Amount of deposit kept with the RBI under Section 11(2)(b) of the Banking Regulation Act, 1949 (Face Value)	<b>4,800,000</b>	4,230,000	(ii) Deposits of branches outside India	–	–
Opening Balance	<b>25,438,861</b>	14,603,321	<b>Total</b>	<b>173,949,565</b>	<b>175,068,882</b>
Add: Additional capital received from Head Office during the year	–	10,835,540	<b>4 BORROWINGS</b>		
<b>Total</b>	<b>25,438,861</b>	<b>25,438,861</b>	<b>I Borrowings in India</b>		
<b>2 RESERVES AND SURPLUS</b>			(i) Reserve Bank of India	<b>46,600,000</b>	57,090,000
<b>A Statutory Reserve</b>			(ii) Other banks	<b>5,810,000</b>	29,932,500
Opening Balance	<b>3,703,379</b>	3,697,764	(iii) Other institutions and agencies	<b>4,809,130</b>	11,435,710
Additions during the year	–	5,615	<b>Total</b>	<b>57,219,130</b>	98,458,210
Deductions during the year	–	–	<b>II Borrowings outside India</b>	<b>17,607,675</b>	22,832,195
<b>Total</b>	<b>3,703,379</b>	<b>3,703,379</b>	<b>III Subordinated Debt*</b>	<b>25,000,000</b>	23,966,000
<b>B Capital Reserve (refer schedule 18 note [5])</b>			<b>Total</b>	<b>99,826,805</b>	145,256,405
Opening Balance	<b>5,096</b>	5,096	<i>Secured borrowings included in I, II and III above</i>	<b>51,409,130</b>	68,525,710
Additions during the year	–	–			
Deductions during the year	–	–			
<b>Total</b>	<b>5,096</b>	<b>5,096</b>			
<b>C Investment Reserve Account (refer schedule 18 note [55])</b>			<b>5 OTHER LIABILITIES AND PROVISIONS</b>		
Opening Balance	<b>156,948</b>	236,517	I Bills Payable	<b>158,259</b>	82,604
Additions during the year	<b>95,494</b>	–	II Inter Office adjustments (net)	–	–
Deductions during the year	–	(79,569)	III Interest Accrued	<b>1,558,246</b>	2,027,359
<b>Total</b>	<b>252,442</b>	<b>156,948</b>	IV Contingent Provision against Standard Advances	<b>739,484</b>	626,352
<b>D Capital retained in India for CRAR purposes</b>			V Contingent Provision against Derivatives exposures	<b>174,883</b>	353,412
Opening Balance	<b>9,160,095</b>	7,790,095	VI Others (including provisions)*	<b>45,538,495</b>	91,049,734
Additions during the year	<b>1,600,000</b>	1,370,000	<b>Total</b>	<b>48,169,367</b>	<b>94,139,461</b>
Deductions during the year	–	–			
<b>Total</b>	<b>10,760,095</b>	<b>9,160,095</b>			
<b>E (Debit)/Credit balance in Profit and Loss Account</b>	<b>(2,745,416)</b>	1,696,473			
<b>F Deferred Tax Reserve</b>	<b>536</b>	536			
<b>Total</b>	<b>11,976,132</b>	<b>14,722,527</b>			
<b>3 DEPOSITS</b>			<b>6 CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
<b>A (I) Demand Deposits</b>			I Cash in hand (including foreign currency notes)	<b>48,358</b>	26,401
(i) From banks	<b>1,092,006</b>	366,874	II Balances with Reserve Bank of India		
(ii) From others	<b>9,687,085</b>	16,726,322	(i) In Current Accounts	<b>7,476,335</b>	8,662,679
<b>Total</b>	<b>10,779,091</b>	<b>17,093,196</b>	(ii) In Other Accounts	–	–
<b>(II) Saving Bank Deposits</b>	<b>2,803,251</b>	2,255,050	<b>Total</b>	<b>7,524,693</b>	<b>8,689,080</b>
<b>(III) Certificate of Deposits</b>	–	–			
<b>(IV) Term Deposits</b>					
(i) From banks	–	–			
(ii) From others	<b>160,367,223</b>	155,720,636			
<b>Total</b>	<b>160,367,223</b>	<b>155,720,636</b>			
<b>Total</b>	<b>173,949,565</b>	<b>175,068,882</b>			

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

\* includes provision for unhedged foreign currency exposure amounting to Rs 170,776 thousand (previous year – Nil)

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)			(Currency: Indian rupees in thousands)		
	31 Mar 2015	31 Mar 2014		31 Mar 2015	31 Mar 2014
<b>7 BALANCES WITH BANKS AND MONEY AT CALL &amp; SHORT NOTICE</b>			<b>9 ADVANCES</b>		
<b>I In India</b>			A (i) Bills purchased and discounted	61,089,523	34,980,642
(i) Balance with Banks			(ii) Cash credits, overdrafts and loans repayable on demand	79,146,403	93,539,255
(a) In Current Accounts	38,584	39,077	(iii) Term Loans	18,212,803	23,028,472
(b) In Other Deposit Accounts	-	1,018,555	<b>Total</b>	<b>158,448,729</b>	<b>151,548,369</b>
	<b>38,584</b>	1,057,632	B (i) Secured by tangible assets *	65,999,726	78,284,889
(ii) Money at Call and Short Notice – with other institutions	-	5,082,612	(ii) Covered by Bank/ Government Guarantees**	32,937,301	16,975,106
	<b>38,584</b>	6,140,244	(iii) Unsecured	59,511,702	56,288,374
<b>II Outside India</b>			<b>Total</b>	<b>158,448,729</b>	<b>151,548,369</b>
(i) In Current Accounts	1,185,204	7,355,965	C I Advances in India		
(ii) In Other Deposit Accounts	-	-	(i) Priority Sectors	45,189,714	46,660,539
(iii) Money at Call and Short Notice	-	-	(ii) Public Sectors	-	-
	<b>1,185,204</b>	7,355,965	(iii) Banks	-	-
<b>Total</b>	<b>1,223,788</b>	13,496,209	(iv) Others	113,259,015	104,887,830
<b>8 INVESTMENTS</b>			II Advances outside India	-	-
<b>Investments in India in</b>			<b>Total</b>	<b>158,448,729</b>	<b>151,548,369</b>
(i) Government securities*	121,254,723	115,864,351	* includes secured by book debts and stocks		
(ii) Other approved securities	-	-	** includes advances covered by Letters of credit issued by other banks		
(iii) Shares**	29,400	-	<b>10 FIXED ASSETS</b>		
(iv) Debentures and Bonds	4,101,393	3,500,920	<b>I Premises</b>		
(v) Subsidiaries and Joint Ventures	-	-	Cost on 31st March of the preceding year	-	-
(vi) Others (Certificate of Deposits, Commercial Papers, Deposit with Small Industries Development Bank of India, Pass through Certificates and Security Receipts of Asset Reconstruction Companies)	9,780,070	61,451,809	Additions during the year	-	-
	<b>9,780,070</b>	61,451,809	Deductions during the year	-	-
<b>Total</b>	<b>135,165,586</b>	180,817,080	Depreciation to date	-	-
<b>Gross Investments in India</b>	<b>135,187,814</b>	181,007,609	<b>Net book value of Premises</b>	-	-
Less: Provision for depreciation	22,228	190,529	<b>II Other Fixed Assets (including furniture and fixtures)</b>		
<b>Net Investments in India</b>	<b>135,165,586</b>	180,817,080	Cost on 31st March of the preceding year	1,598,743	1,202,438
* Includes:			Additions during the year	262,979	407,308
(A) Securities pledged as margin with CCIL (Clearing Corporation of India Limited) INR 1,843,752 thousands (Previous Year: INR 784,776 thousands)			Deductions during the year	(2,036)	(11,003)
(B) Securities held u/s 11(2)(b) with Reserve Bank of India INR 4,782,310 thousands (Previous Year: INR 4,166,147 thousands)				<b>1,859,686</b>	1,598,743
(C) Securities pledged as collateral for LAF (Liquidity Adjustment Facility)/ MSF (Marginal Standing Facility) INR 47,309,155 thousands (Previous Year: INR 57,302,228 thousands)			Depreciation to date	(1,383,669)	(1,085,543)
(D) Securities held with CCIL for borrowings under CBLO (Collateralised Borrowing and Lending Obligation) were NIL (Previous Year: INR 6,437,467 thousands)			<b>Net book value of Other Fixed Assets</b>	476,017	513,200
(E) Securities kept as margin for RTGS (Real Time Gross Settlement) INR 10,159,566 thousands (Previous Year: INR 31,019,145 thousands)			<b>III Capital work-in-progress</b>	53,061	2,525
(F) Securities pledged as collateral with CCIL for Marketrepo INR 4,811,912 thousands (Previous Year: NIL)			<b>Total (I+II+III)</b>	<b>529,078</b>	515,725
** Represents shares received on conversion of debt.					

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

	(Currency: Indian rupees in thousands)		(Currency: Indian rupees in thousands)	
	31 Mar 2015	31 Mar 2014		
<b>11 OTHER ASSETS</b>			(ii) Liability for partly paid investments	–
(i) Inter Office adjustments (net)	–	–	(iii) Liability on account of outstanding foreign exchange contracts	2,872,930,362
(ii) Interest accrued	2,102,157	2,139,054	(iv) Liability on account of outstanding Currency and Interest Rate Swap and Option contracts	2,239,689,801
(iii) Tax paid in advance/Tax Deducted at Source (net of provisions)	1,880,363	1,150,900	(v) Guarantees given on behalf of constituents	
(iv) Stationery & Stamps	–	–	– in India	30,164,524
(v) Deferred Tax Asset (refer schedule 18 note [35])	5,186,276	3,137,636	– outside India	9,517,063
(vi) Non-banking assets acquired in satisfaction of claims	–	–	(vi) Acceptances, endorsements and other obligations	15,894,307
(vii) Others	47,300,060	93,132,083	(vii) Other items for which the Bank is contingently liable	3,769,321
<b>Total</b>	<b>56,468,856</b>	<b>99,559,673</b>	<b>Total</b>	<b>5,171,965,378</b>
<b>12 CONTINGENT LIABILITIES</b>				
(i) Claims against the bank not acknowledged as debts	33,128	–		

*SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015*

	31 Mar 2015	31 Mar 2014		31 Mar 2015	31 Mar 2014
<b>13 INTEREST EARNED</b>			<b>16 OPERATING EXPENSES</b>		
(i) Interest/discount on advances/bills	10,604,579	12,112,893	(i) Payments to and provisions for employees	2,650,566	2,343,252
(ii) Income on investments	12,316,265	13,272,839	(ii) Rent, taxes and lighting	425,621	578,409
(iii) Interest on balances with RBI and other inter-bank funds	406,324	219,632	(iii) Printing and Stationery	16,216	15,147
(iv) Others	–	–	(iv) Advertisement and publicity	144,659	46,963
<b>Total</b>	<b>23,327,168</b>	<b>25,605,364</b>	(v) Depreciation on Bank's property	300,119	284,339
<b>14 OTHER INCOME</b>			(vi) Auditor's fees and expenses	3,663	4,295
(i) Commission, exchange and brokerage	2,089,285	2,219,349	(vii) Law Charges	50,624	10,730
(ii) Net Profit/(Loss) on sale of investments	1,185,741	44,627	(viii) Postage, Telegram, Telephone, etc.	47,191	43,813
(iii) Net Profit on sale of land, buildings and other assets	–	305	(ix) Repairs and maintenance	67,237	56,617
(iv) Net Profit/(Loss) on Foreign Exchange and Derivative transactions	(1,040,182)	263,799	(x) Insurance	212,018	196,194
(v) Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India	–	–	(xi) Brokerage charges	116,720	98,003
(vi) Miscellaneous Income	32,035	25,053	(xii) Professional Fees	276,058	112,352
<b>Total</b>	<b>2,266,879</b>	<b>2,553,133</b>	(xiii) Head Office Expenses (refer schedule 18 note [55])	231,493	43,337
<b>15 INTEREST EXPENDED</b>			(xiv) Computerisation and related expenses	818,354	716,038
(i) Interest on Deposits	10,621,609	11,604,083	(xv) Travelling expenses	86,839	107,409
(ii) Interest on RBI/ Inter-bank borrowings *	2,926,673	3,623,324	(xvi) Fixed assets written off	43	420
(iii) Others	1,739,848	2,489,636	(xvii) Other Expenditure*	565,094	418,166
<b>Total</b>	<b>15,288,130</b>	<b>17,717,043</b>	<b>Total</b>	<b>6,012,515</b>	<b>5,075,484</b>
			* includes CSR expenditure of INR 71,272 thousands (previous year – Nil)		

\* including interest on Repos, CBLs and Subordinated Debt

*SCHEDULES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015*

(Currency: Indian rupees in thousands)			(Currency: Indian rupees in thousands)		
	31 Mar 2015	31 Mar 2014		31 Mar 2015	31 Mar 2014
<b>17 PROVISIONS AND CONTINGENCIES</b>			Provision for Tax		
(Write-back of provision)/	<b>(110,360)</b>	35,988	– Current Income-Tax	–	1,361,657
Provisions for contingent credit			– Deferred Tax credit	<b>(2,048,640)</b>	(1,559,435)
Provision for Non Performing Assets*	<b>9,260,543</b>	5,157,530	Provision/(Write-back) of Provision for Country Risk	<b>497</b>	(3,437)
Provision for Standard Asset (including standard asset provisioning on current credit exposure for derivatives and Unhedge Foreign Currency Exposure)	<b>106,058</b>	164,226	<b>Total</b>	<b>7,039,797</b>	<b>5,343,509</b>
Provision/(Write-back of provision) for Depreciation on Investments	<b>(168,301)</b>	186,980	* Includes write offs INR 4,366,698 thousand (previous year – INR 1,972,216 thousand), provision for diminution in fair value of restructured advances INR 161,770 thousand (previous year – INR 355,431 thousand), Loss on sale of NPA INR 4,153,646 thousand (net of credit of earlier years INR 121,000 thousand) (previous year – Nil), loss on conversion of debt INR 32,868 thousand (previous year – Nil) and net of write backs INR 1,923 thousand (previous year – Nil).		

**Schedule 18: Significant Accounting Policies and Notes to Accounts**

**1. Background**

The accompanying financial statements for the year ended 31 March 2015 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 2015 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 RBI prudential norms. Advances are stated net of bills rediscounted, specific loan provisions, write offs including the diminution in the fair value of Restructured Non Performing 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 (including restructured advances classified as standard) 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 and provision for diminution in the fair value of standard advances in accordance with RBI guidelines and the same is included under Schedule 5 ('Other Liabilities and Provisions').

**(ii) Investments**

**Classification**

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

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



*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**4. Significant accounting policies (Continued)**

**(ii) Investments (Continued)**

**Acquisition Cost**

In determining acquisition cost of an investment:

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

**Disposal of Investments**

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

The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserves is appropriated from "Profit and Loss Account" to "Capital Reserve Account". Loss on sale, if any, is recognized fully 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. Security receipts are valued as per the Net Asset Value provided by the issuing Asset Reconstruction Company (ARC) from time to time. Investments received in lieu of restructured advances are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. 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. 20/21.04.141/2014-15 dated 01 July 2014, the provision on account of depreciation in the HFT and AFS categories in excess of the required amount is credited to the Profit and Loss Account and an equivalent amount (net of taxes if any and net of transfer of Statutory Reserve as applicable to such excess provision) is appropriated to an Investment Reserve Account.

The provision required to be created on account of depreciation in the AFS & HFT categories is debited to the Profit and Loss Account and an equivalent amount (net of tax benefit, if any and net of consequent reduction in transfer to Statutory Reserves) is transferred from the Investment Reserve Account to the Profit and Loss Account.

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

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

**Transfer of securities between categories**

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

**Accounting for Repurchase/Reverse-repurchase transactions**

In accordance with RBI Circular DBOD No BP.BC. 20/21.04.141/2014-15 dated 01 July 2014, Repurchase/Reverse-repurchase transactions (other than those under the Liquidity Adjustment Facility 'LAF' with RBI) are accounted as collateralized borrowing and lending. The difference between the clean price of the first leg and the clean price of the second leg is recognised as interest expense/income over the period of the transaction.

**(iii) Foreign Exchange**

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

**(iv) Derivative transactions**

Derivatives comprise interest rate swaps, cross currency swaps, forward contracts and options. Forward contracts linked to FCNR (B) deposits under swap window as per RBI guidelines issued on September 6, 2013 and forward contracts that are entered into for swapping sub-debt raised during the year are classified as hedges and rest are held for trading purposes.

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**4. Significant accounting policies (Continued)**

**(iv) Derivative transactions (Continued)**

Forward contracts held for trading purposes are revalued at rates notified by FEDAI for specified maturities and at interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resulting profits or losses are included in the Profit and Loss Account as per the regulations stipulated by the RBI/ FEDAI.

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

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

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

**(v) Fixed Assets**

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

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

Depreciation is provided on a straight line basis over the estimated useful life of the asset. The useful life as prescribed in Schedule II to the Companies Act, 2013 is considered as the maximum useful life. 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 useful life which is lower than or equal to the corresponding useful life prescribed in Schedule II:

Assets	Useful life
Office Equipment	5 years
Computers (Hardware and Software)	3 years
Furniture and Fixtures	5 years
Motor Vehicles	5 years

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

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

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

**(vi) Employee Benefits**

**Short term benefits**

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

**Post retirement benefits**

(a) **Provident Fund:** 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 Bank'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.

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**4. Significant accounting policies (Continued)**

**(vi) Employee Benefits (Continued)**

**Post retirement benefits (Continued)**

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

**(viii) Operating Leases**

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

**(ix) Revenue Recognition**

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

Unrealised interest which is converted into Funded Interest Term Loan (FITL) has a corresponding credit in "Sundry Liabilities Account (Interest Capitalization)". Interest on FITL is recognized on receipt basis.

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 is recognised at the inception of the transaction except in cases of fee income from issue of guarantees, buyer's credit, letter of credit and mortgages which 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. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of the change.

**(xi) Net Profit / (Loss)**

Net profit / (loss) is computed after:

- Provision for loan losses / write offs, provision for devolved off balance sheet exposure to NPA customer, country risk provision, general loan loss provision on standard assets and derivatives (including provision for unhedged foreign currency exposures), provision for diminution in fair value of Restructured Loans;

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**4. Significant accounting policies (Continued)**

**(xi) Net Profit / (Loss) (Continued)**

- Provision for diminution in the value of investments;
- Provision for income tax;
- Provision for deferred taxation;
- Charge for head office administrative expenses for the year; and
- Other usual and necessary provisions.

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

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

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.

**(xiii) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at Call and short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

**5. Capital Reserve**

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

**6. Capital**

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

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
Common Equity Tier 1 capital ratio (%)	10.79%	11.77%
Tier 1 capital ratio (%)	10.79%	11.77%
Tier 2 capital ratio (%)	6.22%	2.04%
Total Capital ratio (CRAR) (%)	17.01%	13.81%
Amount of equity capital raised	-	-
Amount of Additional Tier 1 capital raised	-	-
Amount of Tier-2 capital raised	16,250,000	-
Of which		
Debt capital instrument	16,250,000	-

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**7. Investments**

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
<b>Value of investments (*)</b>		
Gross value of investments	135,187,814	181,007,609
Less: Provision for depreciation	22,228	190,529
<b>Net value of investments</b>	<b>135,165,586</b>	<b>180,817,080</b>
<b>Movement in Provisions held towards depreciation on investments</b>		
Opening balance	190,529	3,549
Add: Provisions made during the year	-	186,980
Less: Write back of excess provisions during the year to Profit and Loss account	168,301	-
<b>Closing Balance</b>	<b>22,228</b>	<b>190,529</b>

(\*) 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	13,999,925 (9,519,826)	63,889,312 (59,210,842)	31,934,124 (34,052,235)	51,409,130 (57,090,000)
ii) Corporate debt securities	-	-	-	-
Securities purchased under Reverse Repos				
i) Government securities	-	16,909,707 (7,499,860)	1,037,784 (48,684)	-
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 2015 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	1,000,000 (-)	1,000,000 (-)	-	-	-
(ii)	Financial Institutions*	3,488,136 (5,030,240)	3,488,136 (3,617,420)	-	(116,500)	(116,500)
(iii)	Banks	6,587,187 (53,354,945)	6,587,187 (-)	-	-	-
(iv)	Private Corporates	1,922,768 (5,283,047)	1,922,768 (-)	-	45,532	-
(v)	Subsidiaries / Joint ventures	-	-	-	-	-
(vi)	Others#	935,000 (1,284,497)	935,000 (1,284,497)	-	935,000	935,000
(vii)	Provision held towards depreciation	22,228 (-)	22,228 (-)	-	16,132	-
	<b>Total</b>	<b>13,910,863 (64,952,729)</b>	<b>13,910,863 (4,901,916)</b>	-	<b>964,400 (116,500)</b>	<b>935,000 (1,400,997)</b>

(Figures in brackets indicate previous year figures)

\* Includes investments in NBFC issuances

# Others represents investments in security receipts of an asset reconstruction company. For PY, it represents Pass Through Certificates.

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**10. Non performing Non-SLR Investments**

Non performing Non-SLR Investments as at 31 March 2015 are as under.

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
Opening balance	-	-
Additions during the year since 1st April	45,532	-
Reductions during the above period	-	-
Closing balance	45,532	-
Total provisions held	16,132	-

**11. Derivatives – Interest Rate Swap/Forward Rate Agreements**

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

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
Notional principal of Interest Rate Swaps	1,815,975,693	1,998,621,234
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	5,013,600	11,673,024
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps (exposure to banking industry)	84.18%	90.17%
The fair value of the swap book [asset]	298,589	588,184

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 2015		31 March 2014	
		Nos.	Notional Principal	Nos.	Notional Principal
6 Month MIFOR	Pay Fixed Receive Floating	221	107,125,000	189	95,215,000
6 Month MIFOR	Receive Fixed Pay Floating	193	111,158,750	189	115,507,250
OIS 1 year	Pay Fixed Receive Floating	837	887,539,644	571	588,470,089
OIS 1 year	Receive Fixed Pay Floating	80	78,157,735	538	539,520,076
OIS 6 months	Pay Fixed Receive Floating	85	29,852,801	210	90,559,815
OIS 6 months	Receive Fixed Pay Floating	90	34,380,053	219	92,511,345
OIS 6M COM	Pay Fixed Receive Floating	383	159,424,273	342	133,052,452
OIS 6M COM	Receive Fixed Pay Floating	333	135,558,623	317	124,400,000
USD Libor 1 month	Pay Fixed Receive Floating	4	2,526,250	4	2,796,233
USD Libor 1 month	Receive Fixed Pay Floating	4	2,526,250	4	2,796,233
USD BS Libor 3 months	Receive Floating Pay Floating	21	7,128,179	28	9,155,969
USD BS Libor 1 month					
6 months	Receive Floating Pay Floating	5	1,165,650	5	1,484,861
USD Libor 3 months	Pay Fixed Receive Floating	82	39,359,342	94	38,091,973
USD Libor 3 months	Receive Floating Pay Floating	3	35,156	3	168,511
USD Libor 3 months	Receive Fixed Pay Floating	81	38,781,217	93	37,080,908
USD Libor 3 months	Pay Floating Receive Floating	7	1,217,107	9	2,243,875
USD BS Libor 1 month					
3 months	Pay Floating Receive Floating	1	2,500,000	1	2,396,600
USD BS Libor 1 month					
3 months	Receive Floating Pay Floating	1	2,500,000	1	2,396,600
USD Libor 6 months	Pay Fixed Receive Floating	94	92,009,322	95	62,578,254
USD Libor 6 months	Receive Fixed Pay Floating	85	82,136,862	87	56,638,052
USD Libor 6 months	Receive Floating Pay Floating	6	893,479	11	1,557,138
<b>Total</b>		<b>2,616</b>	<b>1,815,975,693</b>	<b>3,010</b>	<b>1,998,621,234</b>

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).

The above information do not include interest rate contracts with Cap and floor feature.

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**12. Exchange Traded Derivatives**

The Bank did not deal in Exchange Traded Interest Rate Derivatives during the year ended 31 March 2015. (Previous Year: INR Nil).

**13. Disclosure on Risk Exposure in Derivatives**

***Qualitative Disclosures***

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

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

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

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

The Bank applies the Current Exposure method to assess credit risk associated with Derivatives and Foreign Exchange contracts. Credit risk on a contract is computed as the sum of its mark-to-market value if positive and its potential future exposure which is calculated based on its notional value and its residual maturity. The Bank has made a provision on such current credit exposures in accordance with RBI Circular DBOD.No.BP.BC.9 /21.04.048/2014-15 dated July 1, 2014.

***Quantitative Disclosures***

**31 Mar 2015**

Sr No	Particular	Currency Derivatives #	Interest Rate Derivatives
<b>1</b>	<b>Derivatives (Notional Principal Amount)</b>		
	(a) – For Hedging**	47,625,000	-
	(b) – For Trading	3,421,521,172	1,816,046,006
<b>2</b>	<b>Marked to Market Positions</b>		
	(a) – Asset	38,679,602	5,013,600
	(b) – Liability	35,386,646	4,715,011
<b>3</b>	<b>Credit Exposure</b>	135,137,445	19,600,885
<b>4</b>	<b>Likely impact of 1% change in interest rates (100*PV01)</b>		
	(a) – On Hedging Derivatives**	(4,755)	-
	(b) – On Trading Derivatives	(502,653)	736,495
<b>5</b>	<b>Maximum &amp; Minimum of 100*PV01 observed during the year</b>		
	(a) – On Hedging : Maximum**	3,475	-
	Minimum	(44,263)	-
	(b) – On Trading : Maximum	240,348	826,940
	Minimum	(509,247)	(453,720)

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

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

**Qualitative Disclosures (Continued)**

**31 Mar 2014**

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

# Currency Derivatives includes Foreign Exchange contracts.

\*\* The same pertains to contracts which are linked to FCNR (B) deposits under swap window as per RBI guidelines issued on September 6, 2013 and forward contracts that are entered into for swapping sub-debt raised during the year.

**14. Non Performing Assets (Funded)**

Particulars	31 Mar 15	31 Mar 14
(i) Net NPA to Net Advances (%)	<b>4.15%</b>	10.19%
(ii) Movement in Gross NPAs		
(a) Opening Balance	<b>21,156,381</b>	5,820,327
(b) Additions during the year **	<b>2,926,950</b>	17,676,995
<b>Sub Total (A)</b>	<b>24,083,331</b>	23,497,322
Reductions during the year		
(a) Up gradations	-	-
(b) Recoveries #	<b>2,570,395</b>	368,725
(c) Technical/ Prudential write-offs	<b>3,337,558</b>	-
(d) Write-offs	<b>5,336,655</b>	1,972,216
<b>Sub Total (B)</b>	<b>11,244,608</b>	2,340,941
Gross NPAs as on 31 Mar (A-B)	<b>12,838,723</b>	21,156,381
(iii) Movement in provisions for NPAs		
(a) Opening Balance	<b>5,716,004</b>	2,530,690
(b) Provisions made during the year * @	<b>6,542,571</b>	5,259,308
(c) Write off / Write back of excess provisions	<b>5,995,087</b>	2,073,994
(d) Closing Balance	<b>6,263,488</b>	5,716,004
(iv) Movement in Net NPAs		
(a) Opening Balance	<b>15,440,377</b>	3,289,637
(b) Additions during the year	<b>1,814,693</b>	13,932,180
(c) Reductions during the year	<b>10,679,835</b>	1,781,440
(d) Closing Balance	<b>6,575,235</b>	15,440,377

\* Includes an amount of INR 28,704 thousand (Previous Year: INR 355,430 thousands) pertaining to provision in lieu of diminution in the fair value of restructured accounts.

# Includes an amount of INR 980,532 thousand (Previous Year: Nil) for which security receipt of INR 935,000 thousand and equity shares of INR 45,532 thousand have been received on sale / conversion of debt.

\*\* Includes fresh NPA of INR 2,459,252 thousand (Previous Year: INR 17,499,903 thousands).

@ Includes provision on fresh NPA of INR 644,559 thousand (Previous Year: INR 3,674,340 thousands).



**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**15. Non Performing Assets (NPA) provisioning coverage ratio**

The NPA provisioning coverage ratio of the Bank including technical write off was 59.35% as on 31 March 2015 (Previous Year: 27.02%).

**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 crystallised receivables as on 31 March 2015 is INR 440,578 thousands (Previous Year: INR 407,607 thousands) and the Net value is INR Nil (Previous Year: INR Nil).

**17. Concentration of Gross NPA's**

Particulars	31 Mar 15	31 Mar 14
Total Exposure to top four NPA accounts*	7,201,789**	11,579,692

\* This includes credit exposure of derivative products INR 7,702 thousands (Previous Year NIL) & exposure to Non Funded facilities of INR NIL (Previous year INR 13,208 thousands).

\*\* Excludes technical writeoff

**18. Sector-wise Gross NPAs**

Sector	Percentage of NPAs to Total Advances in that sector	
	31 Mar 15	31 Mar 14
Agriculture & allied activities	-	-
Industry (Micro & small, Medium and Large)	8.16%	13.49%
Services	6.93%	13.74%
Personal Loans	-	-

For the purpose of this disclosure, the bank has compiled the data which has been relied upon by the auditor.

**19. Concentration of Deposits**

Particulars	31 Mar 15	31 Mar 14
Total Deposits of twenty largest depositors	78,131,609	94,791,172
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	44.92%	54.25%

**20. Concentration of Advances\***

Particulars	31 Mar 15	31 Mar 14
Total Advances* # to twenty largest borrowers	88,326,145	82,875,941
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	27.96%	25.58%

\* Advances have been computed as per the definition of Credit Exposure including derivatives as prescribed in RBI's Master Circular DBOD.No.Dir.BC.12/13.03.00/2014-15 dated 01 July 2014.

# Excludes advances covered by banks guarantee, derivative exposure with bank and CCIL as counterparties.

**21. Concentration of Exposures\*\***

Particulars	31 Mar 15	31 Mar 14
Total Exposure** # to twenty largest borrowers/customers	88,574,958	84,196,876
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	27.41%	25.06%

\*\*Exposures are computed based on Credit and Investment exposure as prescribed in RBI's Master Circular DBOD.No.Dir.BC.12/13.03.00/2014-15 dated 01 July 2014.

# Excludes advances covered by banks guarantee, derivative exposure with bank and CCIL as counterparties.

**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 2015 (Previous Year: INR Nil).

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**24. Loan Restructuring**

S No	Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
Details																						
1	Restructured Accounts as on 01 April 2014	No. of borrowers	-		1																	
		Amount outstanding			1,627,468		1,627,468															
		Provision thereon			976,481		976,481															
2	Fresh restructuring	No. of borrowers	1				1															
		Amount outstanding	1,286,430				1,286,430															
		Provision thereon	155,000			650,987#	805,987															
3	Upgradations to restructured standard category during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-		-															
		Amount outstanding																				
		Provision thereon																				
6	Write-offs of restructured accounts during the FY	No. of borrowers			1		1															
		Amount outstanding			1,627,468		1,627,468															
		Provision thereon			1,627,468		1,627,468															
7	Restructured Accounts as on 31 March 2015	No. of borrowers	1				1															
		Amount outstanding	1,286,430				1,286,430															
		Provision thereon	155,000				155,000															

Note: Amount o/s represents Funded outstanding

\* Includes INR 28,704 thousand pertaining to provision in lieu of diminution in the fair value of restructured accounts.

\*\* During the year, from the opening balance there was recovery of INR 3,000 thousands as shown in point no 6 in Sub-Standard in that column.

\*\*\* During the year, from the opening balance there was part recovery of INR 45,532 thousands by way of allotment of equity shares and INR 32,868 thousands was partly write-off. The balance amount of INR 1,549,068 thousands represents technical write off.

\*\*\*\* During the year, the account has been downgraded to Doubtful category. The same has been shown in point no 5 in Doubtful category under downgradations head with amount as INR 29,849 thousands which includes additional charges of INR 2 thousand levied as an addition. additional specific provision created during the year at INR 20,038 thousands.

# Represents additional specific provision created during the year for asset restructured in earlier year.

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**  
(Currency: Indian rupees in thousands)

**24. Loan Restructuring (Continued)**

S No	Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total	Stand-ard	Sub-Stand-ard	Doubt-ful	Loss	Total
Details																						
1	Restructured Accounts as on 01 April 2013	No. of borrowers																				
		Amount outstanding											1									
		Provision thereon												300,000								
2	Fresh restructuring	No. of borrowers			1		1															
		Amount outstanding			1,627,468***		1,627,468							29,847								
		Provision thereon			976,481****		977,481							9,811**								
3	Upgradations to restructured standard category during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
5	Downgradations of restructured accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
6	Write-offs of restructured accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
7	Restructured Accounts as on 31 March 2014	No. of borrowers			1		1															
		Amount outstanding			1,627,468***		1,627,468							29,847	7,015	36,862		29,847	1,634,483		1,664,330	
		Provision thereon			976,481****		976,481							9,811**	7,015	16,826		9,811**	983,496****		993,307	

Note: 1. Amount o/s represents Funded outstanding. 2. Previous year figure have been reclassified whereby 2 cases which had been reported under "CDR mechanism" have been reclassified to "Others" as the banks proposal to join the CDR was rejected during the year by the CDR lender group.

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

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

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

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

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*  
(Currency: Indian rupees in thousands)

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

Particulars	31 Mar 15	31 Mar 14
(i) No. of accounts	1	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	3,903,730	-
(iii) Aggregate consideration	1,100,000	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate loss over net book value	2,803,730	-

Details of security receipts received on account of sale of financial assets to Securitisation / Reconstruction Company for Asset Reconstruction is as under

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	31 Mar 15	31 Mar 14	31 Mar 15	31 Mar 14	31 Mar 15	31 Mar 14
Book value of investment in security receipts	935,000	-	-	-	935,000	-

**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 2015 (Previous Year: INR Nil).

**27. Provision for Standard Assets and Derivatives**

Particulars	31 Mar 15	31 Mar 14
General Loan Loss Provision on Standard Assets (including standard asset provisioning on asset classified as standard restructured)	739,484	626,352
General Provision on Credit Exposures on Derivatives	174,883	353,412

**28. Business Ratios**

Particulars	31 Mar 15	31 Mar 14
i Interest Income to working funds	6.02%	6.19%
ii Non-interest income to working funds	0.59%	0.62%
iii Operating profits to working funds	1.11%	1.30%
iv Return on Assets	(0.71)%	0.01%
v Business (deposits plus advances) per employee	347,646	372,026
vi Net Profit per employee	(2,882)	26

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

**29. Exposure to Capital Market**

Sr. No.	Particulars	31 March 15	31 March 14
(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	2,888,516	3,531,275

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**29. Exposure to Capital Market (Continued)**

Sr. No.	Particulars	31 March 15	31 March 14
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to venture capital funds (both registered and unregistered)	-	-
	<b>Total Exposure to Capital Market</b>	<b>2,888,516</b>	<b>3,531,275</b>

Note: Equity shares of INR 45,532 thousand received on account of restructuring of loan is excluded from exposure to capital market in accordance with RBI Master Circular DBOD No.Dir.BC.12/13.03.00/ 2014-15 dated July 1, 2014. For the purpose of this disclosure, the bank has compiled the data which has been relied upon by the auditor.

**30. Exposure to Real Estate Sector**

Particulars	31 Mar 2015	31 Mar 2014
<b>a) Direct Exposure</b>	<b>11,565,231</b>	13,838,184
(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)	<b>190,990</b>	780
(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;	<b>11,374,241</b>	13,837,404
(iii) Investments in Mortgage backed Securities (MBS) and other securitised exposures – a. Residential, b. Commercial Real Estate.	-	-
<b>b) Indirect Exposure</b>	<b>3,248,814</b>	3,923,566
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	<b>3,248,814</b>	3,923,566
<b>Total Exposure to Real Estate Sector</b>	<b>14,814,045</b>	17,761,750

**31. Risk Category Wise Country Risk Exposure**

Provision for Country Risk Exposure in terms of RBI master circular DBOD.No.BP.DC.9/21.04.048/2014-15 dated 01 July 2014 is as follows:

Risk Category	Exposure (net) as at 31 March 2015	Provision held as at 31 March 2015	Exposure (net) as at 31 March 2014	Provision held as at 31 March 2014
Insignificant	15,244,692	6,493	20,708,363	8,620
Low	8,550,154	2,624	3,623,371	-
Moderate	99,720	-	585,038	-
High	170,149	-	85,529	-
Very high	-	-	43,417	-
Restricted	-	-	-	-
Off-credit	-	-	2,616	-
<b>Total</b>	<b>24,064,715</b>	<b>9,117</b>	25,048,334	8,620

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.

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**32. Single Borrower and Group Borrower Exposure**

During the year, the Bank's credit exposures ceiling to individual & group borrowers has been exceeded in the following cases  
Single Borrowers:

- DLF Limited
- United Spirits Limite
- Totsa Total Oil Trading SA, Switzerland

Group Borrower: NIL

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 NIL (Previous Year: INR 300,000 thousands) for which Bank has taken charge over brand (intangible securities). The estimated value of the collateral is INR NIL. (Previous Year: INR 371,860 thousands).

**34. Penalties imposed by RBI**

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

**35. Deferred Taxes**

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

Particulars	31 Mar 2015	31 Mar 2014
<b>Deferred tax assets (A):</b>	<b>5,186,276</b>	3,138,008
– Depreciation on fixed assets	84,937	54,515
– Provision on advances	3,249,000	2,925,933
– Disallowance u/s 43B of Income Tax Act 1961	28,688	74,297
– Provision for employee benefits	117,255	46,275
– Amortisation of fee income	27,352	36,988
– Carry forward Income tax losses	1,679,044	-
<b>Deferred tax liabilities (B):</b>	-	(372)
– Amortisation of club membership fees	-	(372)
<b>Net Deferred tax assets (A-B)</b>	<b>5,186,276</b>	3,137,636

During the current year, while the bank has positive operating profit, it has incurred Net loss post tax mainly on account of High value of write off and provision for Non performing asset (NPA). In the coming years, the bank is expected to return to profit with lower provisioning requirement for NPA and will be able to absorb the current year carry forward tax losses.

**36. Subordinated Debt**

The Bank has raised a Subordinated Debt of INR 16,250,000 thousands during the year ended 31 March 2015. (Previous Year: INR Nil).

**37. Maturity profile of assets and liabilities**

	1 Day	2-7 Days	8-14 Days	15-28 Days	29 Days-3 Months	3-6 Months	6 Months-1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Deposits	4,103,247 (2,636,743)	28,805,743 (19,552,436)	16,111,364 (21,337,588)	23,705,461 (15,134,430)	33,375,792 (35,074,058)	12,199,312 (28,211,097)	9,444,660 (4,200,240)	43,001,647 (47,020,454)	2,212,955 (822,855)	989,384 (1,078,981)	173,949,565 (175,068,882)
Advances	15,818,821 (4,315,625)	1,915,140 (8,585,776)	5,149,713 (5,164,595)	15,043,269 (15,728,664)	51,342,147 (42,005,072)	30,711,960 (26,829,594)	7,485,913 (8,859,357)	9,712,739 (14,271,266)	9,645,525 (22,959,439)	11,623,502 (2,828,981)	158,448,729 (151,548,369)
Investments	85,230,155 (73,518,793)	4,931,687 (7,545,102)	2,678,771 (6,378,708)	4,214,155 (4,994,467)	8,595,976 (13,895,340)	2,631,880 (14,081,697)	8,061,619 (45,673,736)	4,021,170 (6,498,486)	1,706,124 (176,623)	13,094,049 (8,054,128)	135,165,586 (180,817,080)
Borrowings	1,750,321 (76,524)	28,291,100 (87,254,410)	16,879,099 (11,085,685)	17,096,935 (235,018)	5,378,251 (171,283)	5,431,099 (6,317,174)	8,750,000 (15,577,900)	- (24,538,411)	16,250,000 (-)	- (-)	99,826,805 (145,256,405)
Foreign Currency Assets (*)	4,811,002 (10,376,021)	228,266 (356,714)	1,681,945 (2,927,515)	9,722,414 (11,496,160)	11,849,555 (8,670,765)	14,852,897 (18,004,319)	31,513 (-)	632,371 (-)	- (-)	2,353,907 (32,375)	46,163,870 (51,863,869)
Foreign Currency Liabilities (*)	3,967,057 (3,206,681)	71,982 (544,686)	879,178 (92,364)	9,097,155 (155,629)	416,349 (202,473)	5,701,326 (7,042,225)	8,872,878 (15,712,991)	32,126,860 (56,337,036)	18,182,470 (23,990)	2,541 (-)	79,317,796 (83,318,075)

(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.

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**38. Segmental Reporting**

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

Treasury undertakes trading in bonds & other investment, derivatives trading and foreign exchange operations on the proprietary account and for customers. Revenues under this section primarily comprise fees, gains / losses from trading and interest income from the investment portfolio. Retail Banking segment constitutes the business with individuals through the branch network and other delivery channels like ATM, Internet banking etc. This segment raises deposits from customers and provides fee based wealth management distribution services to such customers.

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. The capital of the bank resides with the FMU team.

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

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

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

	<b>Treasury &amp; Markets</b>	<b>Corporate/ Wholesale Banking</b>	<b>Retail Banking</b>	<b>Funding Management Unit</b>	<b>Total</b>
Segmental Revenue (external revenue)	11,316,208 <i>(13,804,217)</i>	13,660,649 <i>(14,057,679)</i>	617,190 <i>(296,601)</i>	–	25,594,047 <i>(28,158,497)</i>
<b>Total Revenue</b>				<b>–</b>	<b>25,594,047</b> <i>(28,158,497)</i>
Results	419,482 <i>(2,543,723)</i>	(-7,620,365) <i>(-2,390,309)</i>	(-716,494) <i>(-386,344)</i>	3,122,342 <i>(57,615)</i>	(-4,795,035) <i>(-175,316)</i>
Unallocated expenses					– <i>(–)</i>
Profit before tax and extraordinary items					(-4,795,035) <i>(-175,316)</i>
Tax					(-2,048,640) <i>(-197,778)</i>
Extraordinary profit/loss					– <i>(–)</i>
<b>Net (Loss)/ Profit after Tax</b>					<b>(-2,746,395)</b> <i>(22,461)</i>

	<b>Treasury &amp; Markets</b>	<b>Corporate/ Wholesale Banking</b>	<b>Retail Banking</b>	<b>Funding Management Unit</b>	<b>Total</b>
Segment Assets	190,814,503 <i>(294,222,465)</i>	159,197,016 <i>(154,841,837)</i>	308,765 <i>(117,769)</i>	–	350,320,284 <i>(449,182,071)</i>
Unallocated assets					9,040,446 <i>(5,444,065)</i>
<b>Total Assets</b>					<b>359,360,730</b> <i>(454,626,136)</i>
Segment Liabilities	143,984,456 <i>(234,087,230)</i>	121,188,208 <i>(105,394,175)</i>	56,067,752 <i>(74,586,643)</i>	–	321,240,416 <i>(414,068,048)</i>
Unallocated Liabilities					705,321 <i>(396,698)</i>
Capital and Reserves					37,414,993 <i>(40,161,390)</i>
<b>Total Liabilities</b>					<b>359,360,730</b> <i>(454,626,136)</i>

*(Figures in brackets indicate previous year figures).*

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

In computing the above information, certain assumption and estimate have been made by the management which have been relied upon by the auditors.

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**39. Related Parties**

Related parties disclosures under AS 18 include:

***Ultimate Parent***

DBS Group Holding Limited

***Parent***

DBS Bank Ltd., Singapore

***Branches of Parent/Subsidiaries of Parent***

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

***Entity over which the Bank exercises control***

- DBS Bank Employees' Provident Fund Trust

***Key Management Personnel***

- Sanjiv Bhasin: General Manager and Chief Executive Officer

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

Items/Related Party	31 Mar 2015	31 Mar 2014
Deposit	68	68
	<b>(68)</b>	68
Placement of Deposits	56,790	164,816
	<b>(5,240,992)</b>	(6,225,917)
Borrowings	-	-
	<b>(3,309,940)</b>	(2,995,750)
Guarantees / Derivatives / Forward Contracts	1,699,174	4,236,807
	<b>(4,818,711)</b>	(4,236,807)
Interest paid	470	656
Interest received	79	111
Rendering of services	1,269	8,010
Receiving of services	3,020	14,119

*(Figures in brackets indicate maximum outstanding during the year)*

Material related party transactions are given below:

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

***Placement of Deposits:***

Nostro deposit was placed with DBS Bank Ltd., London INR 54,704 thousands (Previous Year: INR 120,934 thousands)

***Guarantees/Derivatives/Forward Contracts:***

Guarantees given on behalf of DBS Bank Ltd., London INR 614,819 thousands (Previous Year: INR 4,136,432 thousands).

Guarantees given on behalf of DBS Bank Ltd., Taipei INR 1,039,394 thousands (Previous Year: INR 253,891 thousands).



**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**39. Related Parties (Continued)**

**Interest paid:**

Interest on money market borrowing paid to DBS Bank Ltd., London INR 470 thousands (Previous Year: INR 656 thousands).

**Interest received:**

Interest on money market lending received from DBS Bank Ltd., London INR 79 thousands (Previous Year: INR 111 thousands).

**Rendering of Services:**

Commission income received on Guarantees from DBS Bank Ltd., London INR 287 thousands (Previous Year: INR 7,832 thousands), from PT Bank DBS Indonesia INR 181 thousands, (Previous Year: INR 6 thousand), from DBS Bank Ltd., Taipei INR 802 thousands (Previous Year: INR 95 thousands).

**Receiving of Services:**

Direct Billing costs pertaining to DBS Bank (Hong Kong) Limited INR 1,422 thousands (Previous Year: INR 10,433 thousands).  
Direct Billing costs pertaining to DBS Bank (China) Limited INR 1,598 thousands (Previous Year: INR 3,686 thousands).

**40. Operating Leases**

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

Particulars	31 Mar 2015	31 Mar 2014
Not later than one year	368,215	350,642
Later than one year and not later than 5 years	259,015	554,399
Later than five years	Nil	Nil

The lease payments for the year ended 31 March 2015 charged to the Profit and Loss Account amount to INR 424,052 thousands (Previous Year: INR 521,618 thousands).

The Bank has entered into operating lease arrangements for office premises, ATM's and residential premises for select bank staff.

Certain leases are cancellable on providing notice period of 1 month to 6 months and may be renewed for a further period from 1 year to 3 years based on mutual agreement of both the parties.

The lease agreements provide for an increase in the lease payments by up to 15% every year.

**41. Employee Benefits**

Provident Fund: The Bank's contribution to the Employees' Provident Fund during the year was INR 87,364 thousands (Previous Year: INR 77,205 thousands).

The defined benefit obligation of interest rate guarantee on exempt Provident Fund in respect of the employees of the Bank has been determined for the year ended 31 March 2015 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 2015 based on actuarial valuation is INR 6,954 thousands (Previous Year: INR 8,695 thousands).

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

Particulars	31 Mar 2015	31 Mar 2014
A Value of the Interest Rate Guarantee	12,576	8,695
B Accumulated Balance in the Provident Fund	1,224,392	958,626
C Present Value of the Obligation (A+B)	1,236,968	967,321
D Carrying Value of Plan Assets	1,230,014	958,626
E Liability recognized in the Balance Sheet (C – D)	6,954	8,695

**Table 2: Parameters of PF investment and obligations**

Particulars	31 Mar 2015	31 Mar 2014
I Discount rate for the term of the obligation	7.8% p.a.	9% p.a.
II Average historical yield on the investment portfolio	8.7% p.a.	9% p.a.
III Discount rate for the remaining term to maturity of the investment portfolio	7.8% p.a.	9% p.a.
IV Expected Investment Return	8.7%-8.9% p.a.	9% - 9.2% p.a.
V Guaranteed Rate of Return	8.75% p.a.	8.75% p.a.
VI Salary escalation rate for the term of the obligation	6% p.a.	6% p.a.

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**41. Employee Benefits (Continued)**

Compensated Absences: The Bank has charged to the Profit and Loss Account an amount of INR 4,433 thousands as liability for compensated absences during the year ended 31 March 2015. (Previous Year: INR 2,739 thousands).

<b>Principal Actuarial Assumptions</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
Discount Rate (per annum)	7.8%	8.9%
Salary Escalation Rate (per annum)	7%	6%
Mortality	<b>IALM 2006-08 (Ultimate)</b>	IALM 2006-08 (Ultimate)
Withdrawal rate (per annum)	<b>16%</b>	16%

Gratuity: The Bank's contribution to Life Insurance Corporation of India ('LIC') towards the Gratuity Fund for the year ended 31 March 2015 was INR 2,340 thousands (Previous Year INR 1,251 thousands).

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.

<b>(I) Net Asset / (Liability) recognized in the Balance Sheet</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
Present Value of obligations as at year end	<b>144,059</b>	97,976
Fair Value of plan assets as at year end	<b>14,807</b>	15,421
Net Asset / (Liability) recognised in the Balance Sheet	<b>(129,252)</b>	(82,555)

<b>(II) Changes in Defined Benefit Obligation during the Year</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
Opening Defined Benefit Obligation	97,976	86,181
Interest cost	<b>8,720</b>	6,808
Current Service Cost	<b>27,082</b>	20,426
Past Service Cost	-	-
Actuarial (Gain) / Losses	<b>13,978</b>	(5,240)
Benefits Paid	<b>(3,697)</b>	(10,199)
Closing Defined Benefit Obligation	<b>144,059</b>	97,976

<b>(III) Changes in fair value of Plan Assets</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
Opening Fair Value of Plan Assets	<b>15,421</b>	22,757
Expected Return on Plan Assets	<b>1,085</b>	1,453
Actuarial Gain / (Losses)	<b>(342)</b>	159
Contributions by employer	<b>2,340</b>	1,251
Benefits Paid	<b>(3,697)</b>	(10,199)
Closing Fair Value of Plan Assets	<b>14,807</b>	15,421
Estimated Employer Contributions for the next year	<b>20,000</b>	20,000
Actual Return on Plan Assets	<b>743</b>	1,612

<b>(IV) Amount recognized in the Profit and Loss Account</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
Current Service Cost	<b>27,082</b>	20,426
Interest on Defined Benefit Obligation	<b>8,720</b>	6,808
Expected Return on Plan Assets	<b>(1,085)</b>	(1,453)
Net Actuarial Losses / (Gains) for the current year	<b>14,320</b>	(5,399)
Amount recognized in the Profit and Loss Account	<b>49,037</b>	20,382

<b>(V) Asset Information</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
Insurer Managed Funds	<b>14,807</b>	15,421

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**  
(Currency: Indian rupees in thousands)

**41. Employee Benefits (Continued)**

(VI) Experience adjustments	31 Mar 15	31 Mar 14	31 Mar 13	31 Mar 12	31 Mar 11
Present Value of DBO	144,059	97,976	86,181	56,187	46,350
Fair Value of Plan Assets	14,807	15,421	22,757	25,692	24,675
Funded Status [Surplus/ (Deficit)]	(129,252)	(82,555)	(63,424)	(30,495)	(21,675)
Experience adjustment on Plan	(513)	4,985	6,418	(4,899)	(960)
Liabilities: (Gain) / Loss					
Experience adjustment on Plan Asset: Gain	(342)	159	307	306	255

  

(VII) Principal Actuarial Assumptions	31 Mar 2015	31 Mar 2014
Discount Rate (per annum)	7.8%	8.9%
Expected rate of return on assets (per annum)	8%	8%
Salary Escalation Rate (per annum)	7%	6%
Attrition Rate	16%	16%
Expected average remaining working lives of employees	5 years	5 years
Mortality Rate	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)

The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

**42. Employee share based payments**

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

- a. Restricted share plan - The shares awarded under the said plan to the eligible employees could be performance-based and/or time-based. Where time-based awards are granted, they will only vest after the satisfactory completion of time-based service conditions. A time-based award comprises two elements, namely, the main award and the retention (also known as “kicker”) award. Shares awarded vest in a graded manner whereby, thirty-three percent of the shares comprised in the main award will vest two years after the date of grant. A further thirty-three percent of the shares comprised in the main award will vest three years after the date of grant. The remainder thirty-four percent of the shares comprised in the main award, together with the shares comprised in the retention award, known as kicker will vest four years after the date of grant.
- b. Chairman Recognition award – Eligible employees of the Bank are awarded ordinary shares 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 2015 is shown below:

Category	Year	No. of unvested shares as at 31 March 2014	Granted	Additional shares for rights issue	Vested	Lapsed	No. of unvested shares as at 31 March 2015
Restricted Share Plan	2011	39,581	–	2163	41,744	–	–
	2012	47,087	–	740	17,999	–	29,828
	2013	50,068	–		11,975	5,424	32,669
	2014	103,468		–		4,100	99,368
	2015	–	33,543	–	–		33,543
Chairman’s Recognition Award	2011	8,642	–		8,642	–	–
	2012	31,663	–		15,748	193	15,722
	2013	61,700	–		20,567	–	41,133
	2014	71,600	–		–	–	71,600
	2015	–	48,253	–	–	500	47,753

The weighted average fair value of shares awarded as shown above were in the range of SGD 14.10 – SGD 19.10.

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

(Currency: Indian rupees in thousands)

**42. Employee share based payments (Continued)**

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

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

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

The charge to Profit and Loss Account for the year ended 31 March 2015 was INR 88,029 thousands (Previous Year: INR 88,343 thousands).

Liability on account of share based payment as at 31 March 2015 is INR 23,750 thousands (Previous Year: INR 20,834 thousands).

**43. Complaints**

In terms of RBI Circular DBOD.BP.BC No.8 /21.04.018/2014-15 dated 1 July 2014, the details of customer complaints and Banking Ombudsman awards during the year are as under:

Particulars	31 Mar 15	31 Mar 14
No. of complaints pending at the beginning of the year	5	1
No. of complaints received during the year	283	593
No. of complaints redressed during the year	286	589
No. of complaints pending at the end of the year	2	5

Particulars	31 Mar 15	31 Mar 14
No. of unimplemented awards at the beginning of the year	–	–
No. of awards passed by the Banking Ombudsmen during the year	–	–
No. of awards implemented during the year	–	–
No. of unimplemented awards at the end of the year	–	–

**44. Impairment of Assets**

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

**45. Contingent Liabilities**

*a) Claims against bank not acknowledged as debt*

This includes liability on account of income tax demands raised against the Bank that are referred to various authorities. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, result of operations or cash flows.

*b) 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.

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*  
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**45. Contingent Liabilities (Continued)**

*b) Guarantees given on behalf of constituents*

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

*c) Acceptances, endorsements and other obligations*

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

*d) Other items for which the bank is contingently liable*

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

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

The Bank has a policy of payment to its vendors based on the agreed credit terms. Consequently, as per Bank's policy there have been no reported cases of delays in payments in excess of 45 days to Micro, Small and Medium Enterprises or of interest payments due to delays in such payments, during the year ended 31 March 2015 (Previous Year: INR Nil).

The above information takes into account only those suppliers who have responded to inquiries made by the bank for this purpose.

**47. Movement in provisions**

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

Particulars	31 Mar 15	31 Mar 14
Opening balance at the beginning of the year	150,912	223,316
Add : Provision made during the year	89,197	85,695
Less : Utilisation, write back of excess provisions during the year	85,695	158,099
Closing balance at the end of the year	154,414	150,912

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

**48. Technical Write-Offs**

In terms of RBI Circular DBOD.BP.BC.No.8 / 21.04.018 / 2014-15 dated 1 July 2014, the details of technical write-offs and the recoveries made thereon during the year are as under:

Particulars	31 Mar 15	31 Mar 14
Opening balance of Technical/ Prudential written-off accounts	Nil	Nil
Add: Technical/ Prudential write-offs during the year	3,337,558	Nil
Sub-total (A)	3,337,558	Nil
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	Nil	Nil
Closing balance as at March 31 (A-B)	3,337,558	Nil

**49. Unhedged Foreign Currency Exposure (UFCE)**

RBI has issued various guidelines advising banks to closely monitor the unhedged foreign currency exposures of their borrowing clients. However, the extent of unhedged foreign currency exposures of the entities continues to be significant and this can increase the probability of default in times of high currency volatility. RBI had, therefore, introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures.

The process for ascertaining the amount of UFCE, estimating the extent of the likely loss, the riskiness of the unhedged positions, provisions thereof, etc are to be done as per the RBI Circular DBOD.No. BP.BC. 85/21.06.200/2013-14 dated January 15, 2014. DBS India's policy Guidelines for Monitoring Unhedged Foreign Currency Exposures of Corporates, Provisioning & Capital requirements encompass the RBI guidelines in this regard.

*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*  
(Currency: Indian rupees in thousands)

**49. Unhedged Foreign Currency Exposure (UFCE) (Continued)**

This guideline indicates the definition of “unhedged foreign currency exposure” (as per RBI) and how to estimate the extent of likely loss. Likely loss is defined as “The loss to the entity in case of movement in USD-INR exchange rate may be calculated using the annualized volatilities (currently pegged at 12.49% of notional by RBI guidelines). Once the loss figure is calculated, it may be compared with the annual EBID of the corporate as per the latest quarterly results certified by the statutory auditors. This loss may be computed as a percentage of EBID. Higher this percentage, higher will be the susceptibility of the entity to adverse exchange rate movements. Therefore, as a prudential measure, all exposures to such entities (whether in foreign currency or in INR) would attract incremental capital and provisioning requirements (i.e., over and above the present requirements) as prescribed by RBI.

As per RBI guideline, the UFCE may be obtained from entities every quarter on self-certification basis, and preferably should be internally audited by the entity concerned. However, at least on an annual basis, UFCE information should be audited and certified by the statutory auditors of the entity for its authenticity. For this purpose, for cases with large UFCE where the likely loss to EBID is over 75% are tabled at the Credit Committee on a quarterly basis.

In terms of RBI Circular DBOD.No.BP.BC. 85 /21.06.200/2013-14 dated 15 January 2014, the details of incremental provisioning and capital held by the Bank are as below:

Particulars	31 Mar 15
Incremental provision on account of UFCE	170,776
Incremental risk weighted assets on account of UFCE	6,127,085

**50. Intra-Group Exposures**

In terms of RBI circular DBOD.No.BP.BC.96/21.06.102/2013-14 dated 11 February 2014, the disclosures on intra-group exposures are as below:

Particulars	31 Mar 15
Total amount of intra-group exposures *	3,283,207
Total amount of top-20 intra-group exposures *	3,283,207
Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	1.02%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	Nil

\* Intra –group exposure includes Nostro balance with head office and subsidiary of parent amounting to INR 680,763 thousands. Total Exposure has been computed basis the guidelines provided in the exposure norm circular.

Proprietary derivative position with head office is based on the information provided by the management which has been relied upon by the auditors.

**51. Transfers to Depositor Education and Awareness Fund (DEAF)**

In terms of RBI circular DBOD.No.BP.BC.No.8/21.04.018/2014-15 dated 1 July 2014, there is no transfer to DEAF during the year. Accordingly, the disclosures on disclosures on DEAF are as below:

Particulars	31 Mar 15	31 Mar 14
Opening balance of amounts transferred to DEAF	Nil	Nil
Add : Amounts transferred to DEAF during the year	Nil	Nil
Less : Amounts reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	Nil	Nil

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(Currency: Indian rupees in thousands)

**52. Liquidity Coverage Ratio**

RBI vide its circular DBOD.BP.BC.No.120 / 21.04.098/2013-14 dated 9 June 2014, notified Basel III framework on Liquidity Standards covering Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards. As per the guidelines, following is the disclosure of information on Liquidity Coverage Ratio (LCR)

Particulars	31 Mar 15	
	Total Unweighted Value (average*)	Total Weighted Value (average*)
<b>High Quality Liquid Assets</b>		
1. Total High Quality Liquid Assets (HQLA) (A)		44,280,949
Cash Outflows		
2. Retail deposits and deposits from small business customers, of which:	59,016,089	5,859,141
(i) Stable deposits	849,350	42,467
(ii) Less stable deposits	58,166,739	5,816,674
3. Unsecured wholesale funding, of which:		
(i) Operational deposits (all counterparties)	16,260,654	4,030,727
(ii) Non-operational deposits (all counterparties)	89,834,645	47,730,739
(iii) Unsecured debt	-	-
4. Secured wholesale funding		-
5. Additional requirements, of which	11,716,492	1,227,722
(i) Outflows related to derivative exposures and other collateral requirements	62,303	62,303
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	11,654,189	1,165,419
6. Other contractual funding obligations	-	-
7. Other contingent funding obligations	155,154,509	7,757,725
<b>8. Total Cash Outflows (B)</b>		<b>66,606,054</b>
Cash Inflows		
9. Secured lending (e.g. reverse repos)	979,917	-
10. Inflows from fully performing exposures	43,184,277	32,015,001
11. Other cash inflows	24,125,819	525,819
<b>12. Total Cash Inflows (C)</b>		<b>32,540,820</b>
		<b>Total Adjusted Value</b>
<b>21. TOTAL HQLA</b>		<b>44,280,949</b>
<b>22. Total Net Cash Outflows (D = B-C)</b>		<b>34,065,234</b>
<b>23. Liquidity Coverage Ratio (%) (A)/(D)</b>		<b>129.99%</b>

\* Average is calculated based on three month end data points (January to March 2015).

In computing the above information, certain assumption and estimate have been made by the management which have been relied upon by the auditors

**Qualitative disclosure around LCR**

The main LCR drivers for the Bank are as under (observed over 3 month's daily data):

	Average	Maximum	Minimum
HQLA	46,477,028	59,916,241	26,372,532
Total Cash Inflows	35,588,306	64,658,615	20,116,912
Total Cash Outflows	70,767,255	87,848,501	52,821,508
Total Net cash outflows	35,214,678	50,171,335	20,838,272

The Bank's HQLA primarily consist of excess SLR maintained in the form of Government Securities /T-Bills, 5% of NDTL (as permissible by RBI), 2% MSF (as permissible by RBI), Corporate Bonds which classify as Level 2 Assets & Commercial Paper which classify as Level 2 assets.

**SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

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**52. Liquidity Coverage Ratio (Continued)**

**Qualitative disclosure around LCR (Continued)**

The Bank primarily relies wholesale funding, in the form of term deposits. Further, the bank is gradually increasing its current account and savings account deposits over a period of time. The total deposits (current account, savings account and term deposits) comprise of 38% of retail clients (CBG) and 62% of corporate clients (IBG & SME).

The Bank primarily maintains margin for settlement of MTM arising from derivative deals. The same is managed on a daily basis and any top up if required is done. However, no major volatility is observed leading to liquidity risk.

The Bank monitors LCR daily on a combined basis (i.e. INR + FCY). Further the Bank raises deposits and borrowings in foreign currency which are swapped into INR and lent/invested thereafter. However, for reporting purpose the Bank does compute LCR for any currency where the exposure in a particular foreign currency is more than 5%.

The overall liquidity management is guided by ALCO which takes into account local as well as HO regulations. The relevant units (RMG MLR, CT and TLM) interact regularly with each other and respective HO counterparts as well to ensure consistency in policy framing and decision making conforming to standards set by the regulations in both the locations.

**53. Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, the Bank has a CSR Committee. All the CSR projects undertaken by the Bank, were planned in a participatory manner, in consultation with the CSR committee and the India Management Committee – IMC (wherever required). The Bank’s CSR agenda/ vision is to actively contribute to the social and economic development of the communities including the communities in which DBS India operate and build a better, sustainable way of life for the weaker sections of society and raise the country’s human development index.

During the year, the Bank has debited the mandatory CSR amount of Rs. 71,272 thousand (PY – Nil) to Profit & Loss account, towards CSR activities which are specified in Schedule VII of the Companies Act, 2013.

**54. Sector-wise Advances**

Sector	Current Year			Previous Year		
	Outstanding Total Advances**	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances**	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A Priority Sector</b>						
1 Agriculture and allied activities	–	–	–	893,562	–	–
2 Advances to industries sector eligible as priority sector lending	32,852,791	1,702,684	5.18%	28,519,239	1,673,719	5.87%
Of which Construction	–	–	–	101,000	–	–
3 Services	13,944,403	140,731	1.01%	18,024,686	140,731	0.78%
4 Personal loans	–	–	–	–	–	–
<b>Sub-total (A)</b>	<b>46,797,194</b>	<b>1,843,415</b>	<b>3.94%</b>	<b>47,437,487</b>	<b>1,814,450</b>	<b>3.82%</b>
<b>B Non Priority Sector</b>						
1 Agriculture and allied activities	–	–	–	–	–	–
2 Industry	83,982,133	7,831,092	9.32%	86,550,994	16,064,778	18.56%
Of which Construction	21,320,451	712,564	3.34%	24,167,859	713,228	2.95%
3 Services	33,742,423	3,164,216	9.38%	23,275,111	3,277,153	14.08%
4 Personal loans*	190,468	–	–	780	–	–
<b>Sub-total (B)</b>	<b>117,915,024</b>	<b>10,995,308</b>	<b>9.32%</b>	<b>109,826,885</b>	<b>19,341,931</b>	<b>17.61%</b>
<b>Total (A+B)</b>	<b>164,712,218</b>	<b>12,838,723</b>	<b>7.79%</b>	<b>157,264,372</b>	<b>21,156,381</b>	<b>13.45%</b>

\* Personal loan includes home loans and loan against property.

\*\* Represent gross advances.

For the purpose of this disclosure, the bank has compiled the data which has been relied upon by the auditor.



*SCHEDULES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015*

(Currency: Indian rupees in thousands)

**55. Other Disclosures**

- The Bank did not hold any floating provision in its books as at 31 March 2015 (Previous Year: INR Nil).
- Deposits as reported in Schedule 3 include deposits kept by customers as margin against credit facilities INR 2,646,376 thousands (Previous Year: INR 2,558,240 thousands).
- The Bank has transferred an amount of INR 95,494 thousands to Investment Reserve account from Balance in Profit and Loss Account (Previous Year: The Bank had transferred an amount of INR 79,569 thousands from Investment Reserve account to Balance in Profit and Loss Account). Apart from the above, there was no drawdown from reserves during the year ended 31 March 2015.
- The Bank did not issue any Letters of Comfort (LoC) during the year ended 31 March 2015 (Previous Year: INR Nil).
- The Bank has not financed any margin trading activities nor securitised any assets during the current year (Previous Year: INR Nil).
- The Bank did not deal in any Credit default swaps during the year ended 31 March 2015. (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 74,117 thousands in respect of Bancassurance business undertaken during the year ended 31 March 2015 (Previous Year: INR 65,231 thousands).
- The net book value of the fixed assets includes computer software of INR 153,084 thousands as at 31 March 2015. (Previous Year: INR 83,414 thousands).
- Head office expense is arrived after the reversal of previous year provision of INR Nil (Previous Year: INR 25,514 thousands).
- The Bank's compensation policies including that of CEO's, is in conformity with the FSB principles and standards. In accordance with the requirements of the RBI Circular No. DBOD.NO.BC.72/29.67.001/2011-12 dated 13 January 2012, the Head Office of the Bank has submitted a declaration to RBI confirming the above mentioned aspect.
- Previous year's figures have been regrouped / rearranged, wherever necessary to conform to the current year's presentation.

For DBS Bank Ltd., India

**Sd/-**  
**Sanjiv Bhasin**  
*General Manager and  
Chief Executive Officer*

**Sd/-**  
**Rajesh Prabhu**  
*Managing Director and  
Chief Financial Officer*

Mumbai  
11 May 2015