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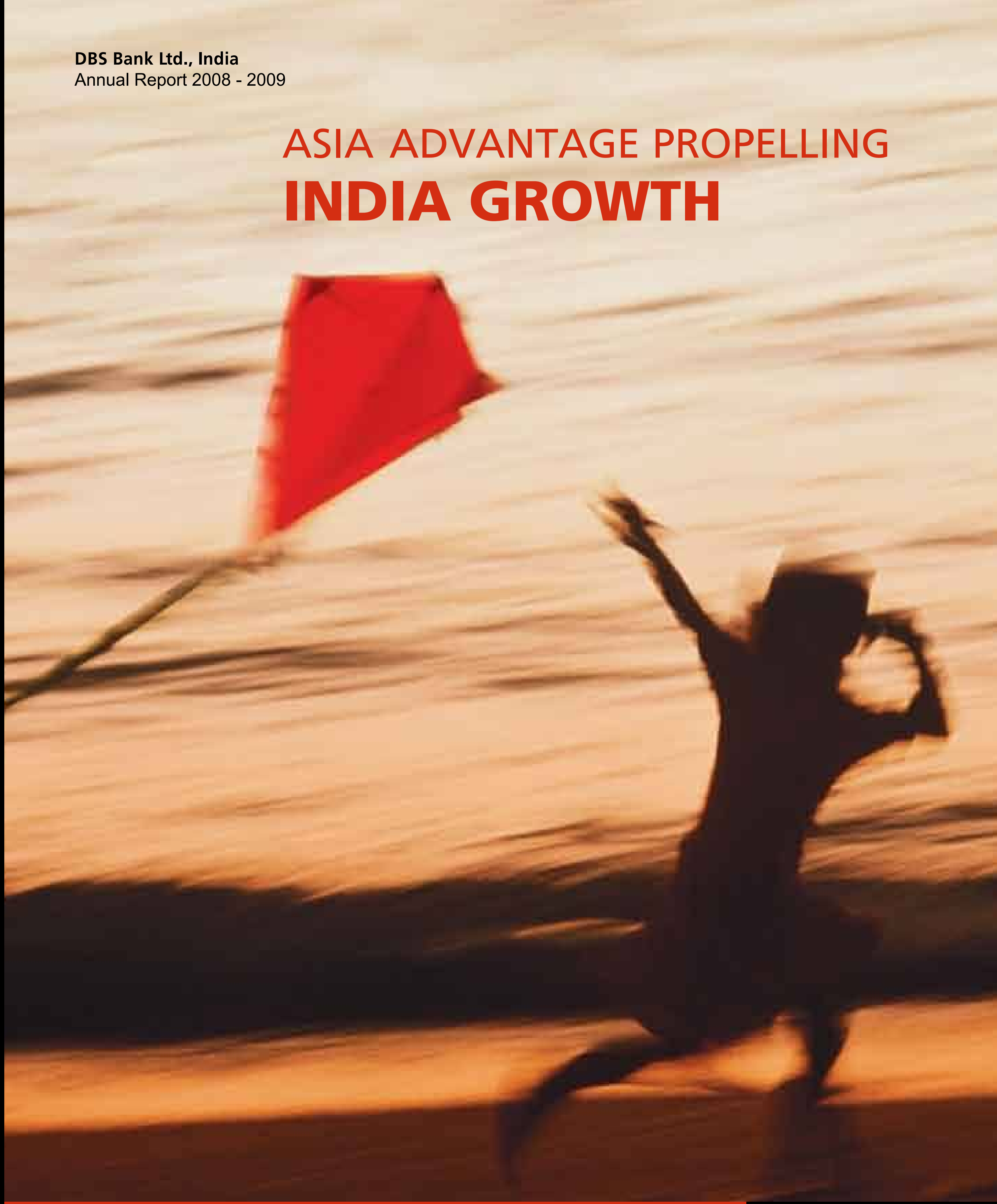
China
Hong Kong
India
Indonesia
Korea
Malaysia
Myanmar
Singapore
Taiwan
Thailand
The Philippines
United Arab Emirates
United Kingdom
United States of America

Branches: Bengaluru, Chennai, Kolkata, Moradabad, Mumbai, Nashik, New Delhi, Pune, Salem, Surat.

DBS Bank Ltd., India Annual Results 2008 - 2009 ASIA ADVANTAGE PROPELLING INDIA GROWTH

DBS Bank Ltd., India
Annual Report 2008 - 2009

ASIA ADVANTAGE PROPELLING **INDIA GROWTH**



DBS. Living, Breathing Asia

DBS

Outstanding. Passionate. Committed.

DBS

CONTENT

STAYING THE COURSE IN ASIA

2008 was a very challenging year globally and Asia was not spared. As a bank born and bred in Asia, DBS has benefited from Asia's rise, and shares today in its challenges. Despite the current crisis, we believe in the resilience of Asia and have confidence in its potential. We are standing by our customers through this downturn, and our commitment to all our stakeholders to deliver sustainable growth remains unshaken.

GROWING WITH CONVICTION IN INDIA

The year 2008-09 has been remarkable. We overcame challenges and recorded significant growth. Branches, revenues and customers - we grew in every area we had set sights on in the beginning of the year. Visions are translating into reality. DBS Bank India is spreading its wings steadily and surely.

DBS GROUP HOLDINGS LTD.

In Asia, you will find some of the oldest civilisations, greatest philosophers and inspirational leaders. Today, Asia is home to some of the world's fastest growing economies.

Asia is also home to DBS. Headquartered in Singapore, we are one of the largest financial services groups in Asia with operations in 16 markets. The largest bank in Singapore and the fifth largest banking group in Hong Kong as measured by assets, DBS is well-positioned at the crossroads of the most dynamic and fastest growing region of the world, ready to serve our customers as a bank that specialises in Asia. We believe that rich heritage and bold ambition are integral threads of New Asia's vibrant tapestry.

CELEBRATING OUR HERITAGE

2008 marked the 40th anniversary of DBS Bank. Established four decades ago as the Development Bank of Singapore, we take pride in our role as a catalyst of growth in Singapore and the region. We celebrate our heritage as a bank born and bred in Asia, and salute the dedication of our 14,000 staff of over 30 nationalities in 16 markets whose passion and commitment exemplify the spirit of New Asia.

GROWING
IN INDIA

The year 2008-2009 was tough and testing. The unprecedented global downturn, which followed several years of sustained growth, has shifted the dynamics of the global economy in favour of Asia. India, backed by its large domestic demand and consumption, managed to hold its own, and at DBS India, we continued to spread our wings by opening an unprecedented 8 branches across the length and breadth of the country.

From a representative office in 1994 to start off operations, we have today 10 branches in 10 distinct geographic locations across the country, offering a holistic portfolio of financial products and services. With a guiding vision and relentless commitment to build a universal banking franchise in India, we are poised to grow further.

PARTNERING
OUR CUSTOMERS

Our commitment to our customers is absolute. The tough economic environment has only made our conviction more resolute. Be it individuals or corporates, our promise to them extends beyond words. To cater to the evolving needs of our customers, we expanded our portfolio by introducing new lines of business and now offer a comprehensive range of Corporate and Investment Banking solutions for large corporations, financial institutions and small & medium enterprises. Through 'DBS Treasures', we offer holistic, best-in-class wealth management and advisory services to retail customers.

GIVING
BACK TO THE COMMUNITY

With a strong belief that education is the key to sustained growth of a nation, it has been our consistent endeavor to inculcate the seed of learning, especially among young, underprivileged children. Accordingly, DBS has associated with two NGOs - Aseema and World Vision, who share our belief and actively work to provide education opportunities and facilities for such children.

DBS set-up the required infrastructure at a school managed by Aseema, benefitting several nursery and lower secondary students. With World Vision, we provided 1,300 students with stationery, equipment for labs, computers and other basic school infrastructure. These are just a couple of initiatives DBS has rolled out with partner NGOs. As recognition of our efforts, DBS India was awarded with the coveted 'Keep Going and Going' award by the DBS Group CEO.

Five - Year Summary

Figures in INR million

	2009	2008	2007	2006	2005
PROFIT & LOSS					
Net Interest Income	3,147	2,407	1,388	940	260
Net Fee & Commission Income	1,949	364	334	90	29
Net Trading Income	1,067	(731)	485	(184)	9
Expenses	1,648	882	741	390	185
Net Profit Before Taxes (NPBT)	4,482	1,118	1,276	284	103
Net Profit After Taxes (NPAT)	2,590	650	741	160	90
BALANCE SHEET					
Total Asset	125,646	90,864	60,714	31,764	14,095
Total Productive Asset	116,107	84,139	56,993	29,394	12,632
Total Loan	27,423	23,684	12,298	8,917	5,600
Total Deposit	60,229	50,957	38,362	14,522	6,11
Shareholders' Equity	14,005	11,415	10,765	5,728	5,567
FINANCIAL RATIOS(%)					
Capital Adequacy Ratio (*)	15.70	18.15	29.24	31.33	35.06
Return on Average Assets	2.59	0.92	1.72	0.76	0.71
Return on Average Equity	20.38	5.86	8.99	2.84	1.62
Cost to Income Ratio	27%	43%	34%	46%	62%
Non Performing Loan-net	149.30	10.89	-	-	-
Net Interest Margin	3.14%	3.41%	3.21%	4.47%	2.06%
Loan to Deposit	45.53	46.48	32.06	61.40	91.58

* The CRAR as at March 2008 and March 2009 is calculated as per Basel II norms, and includes a capital charge for Operational Risk.

Financial Performance Review

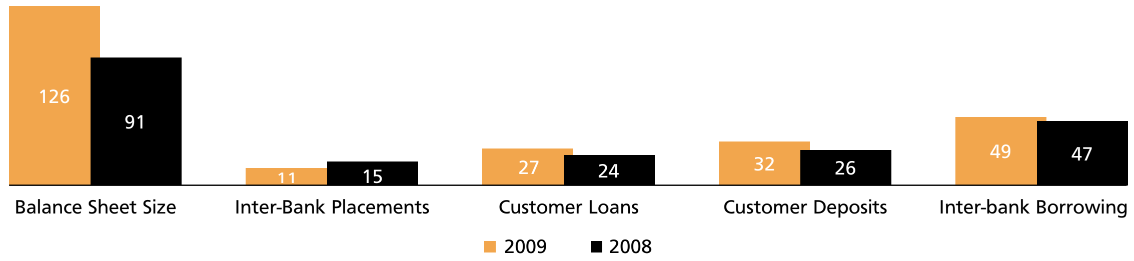
EXECUTIVE SUMMARY

During the Financial Year ended March 31, 2009, DBS India has demonstrated strong operating performance and broadbased growth. While the Balance Sheet has grown by INR 35 billion or 38%, NPAT has grown by INR 1.94 billion or 298% over corresponding previous year.

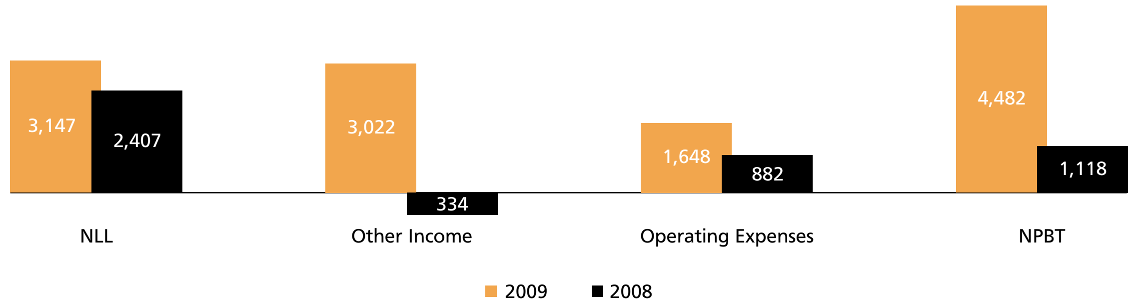
In a year of challenging market conditions, lower credit growth, and against the backdrop of a slowing economy, DBS India has continued to diversify its product offerings and geographical presence in India. The Bank's loan portfolio grew by 16% with a healthy increase in net interest income of 31% over the previous financial year. This, while continuing our commitment to monitor and control credit quality (net NPA ratio 0.55%). Additionally, the Bank also recorded an increase in Other Income of INR 3.35 billion on the back of trading performance and loan and trade related fee based revenue.

Increased cost management efforts, despite an enhanced revenue base, have resulted in lowering the Cost - Income ratio to 27% as compared to 43% for the previous financial year.

BALANCE SHEET COMPOSITION (INR B)



PROFIT AND LOSS (INR M)



PERFORMANCE FOR FINANCIAL YEAR 2009 - 2008

a. Profit and Loss

a.1 Net Revenue

Net interest income increased by INR 740 M or 31% to INR 3,147 M in the current year.

	2009		2008		2009 vs 2008	
	INR M	% contribution	INR M	% contribution	INR M	% contribution
Placement with Banks, including RBI	1,666	20.6%	2,101	33.1%	(435)	-20.7%
Investment securities	4,031	49.9%	2,589	40.8%	1,442	55.7%
Loan and Advances	2,389	29.5%	1,650	26.0%	739	44.8%
Total Interest Income	**8,086**	**100.0%**	**6,341**	**100.0%**	**1,745**	**27.5%**
Interbank Borrowings	2,701	54.7%	2,715	69.0%	(14)	-0.5%
Demand Deposit	-	0.0%	-	0.0%	-	0
Savings Account	2	0.0%	1	0.0%	1	118.7%
Fixed Deposits	2,236	45.3%	1,218	31.0%	1,018	83.6%
Total Interest Expense	**4,939**	**100.0%**	**3,934**	**100.0%**	**1,005**	**25.6%**
Net Interest Income	**3,147**		**2,407**		**740**	**30.7%**
Other Income	**3,022**		**(334)**		**3,356**	**1003%**

Total interest income grew 27% to INR 8.08 billion over the previous period. Positive contributions from Loans & Advances and Investment Income were partially offset by Placement Income. Higher contribution from Loans & Advances was on account of wider loan spreads and a 15% increase in the portfolio. The increased contribution from Investment Securities was directly related to yields.

Increase in interest expense by 25% was attributed to the growth of Customer and Inter-Bank Deposits. While the yield on Customer Deposits has increased over the previous year, the same has been partially off-set by the reduced yields on Inter-Bank Borrowings.

On an overall basis, Net Interest Income grew 10% to INR 3.15 billion as it captured customer volume growth (both loans and deposits), and investment securities. Our Return on Avg. Assets rose sharply from 0.92% to 2.59% on the back of wider loan spreads, increased yields on investments and reduced market borrowing costs.

Other Income of INR 3.02 billion for the current year was on the back of trading performance and associated fees pertaining to commitment, arrangement and agency for the loan portfolio. This is in contrast to losses recorded on trading book in the previous year.

a.2 Operating Expenses

	2009		2008		2009 vs 2008	
	INR M	% contribution	INR M	% contribution	INR M	% contribution
Staff Expenses	915	55.5%	555	62.9%	361	65.0%
Occupancy Charges	328	19.9%	146	16.6%	182	124.5%
Others	405	24.6%	181	20.5%	224	123.8%
Total Operating Expenses	**1,648**	**100.0%**	**882**	**100.0%**	**767**	**87.0%**

Operating expenses continue to grow in line with business growth, branch expansion and staff strength. Increased cost management efforts have resulted in lowering the Cost-Income ratio to 27% as compared to 43% for the previous financial year.

b. Balance Sheet

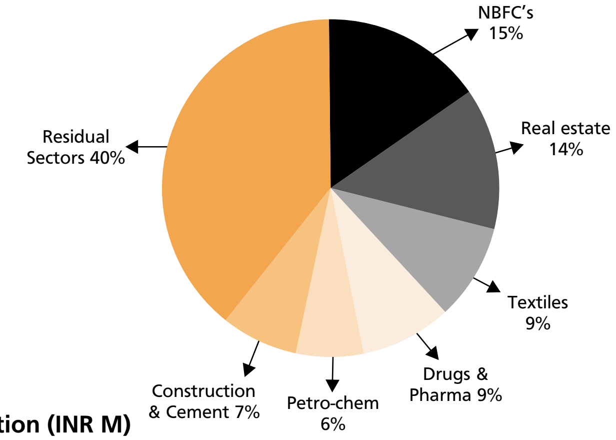
As on 31st March 2009 DBS India's Balance Sheet size stood at INR 12.5 Billion, up 38% from the previous year.

	2009		2008		2009 vs 2008	
	INR M	% contribution	INR M	% contribution	INR M	% contribution
Cash and Cash Equivalent	3,260	2.6%	2,473	2.0%	788	31.9%
Bank Placement	13,093	10.4%	15,775	12.6%	(2,683)	-17.0%
Marketable securities	78,107	62.2%	45,124	35.9%	32,983	73.1%
Loan and Advances	27,423	21.8%	23,684	18.9%	3,739	15.8%
Other Assets	3,958	3.2%	3,851	3.1%	107	2.8%
Allowances for Possible Losses on Productive Assets	(195)	-0.2%	(43)	0.0%	(152)	
Total Asset	**125,646**	**100.0%**	**90,864**	**100.0%**	**34,782**	**38.3%**
Deposits from Customer	32,449	25.8%	25,922	28.5%	6,527	25.2%
Interbank Deposits	27,780	22.1%	25,035	27.6%	2,745	11.0%
Borrowing (from Banks/RBI/CCIL)	24,971	19.9%	22,123	24.3%	2,847	12.9%
Other Liability (including capital and Reserves)	40,447	32.2%	17,784	19.6%	22,663	127.4%
Total Liabilities	**125,646**	**100.0%**	**90,864**	**100.0%**	**34,782**	**38.3%**

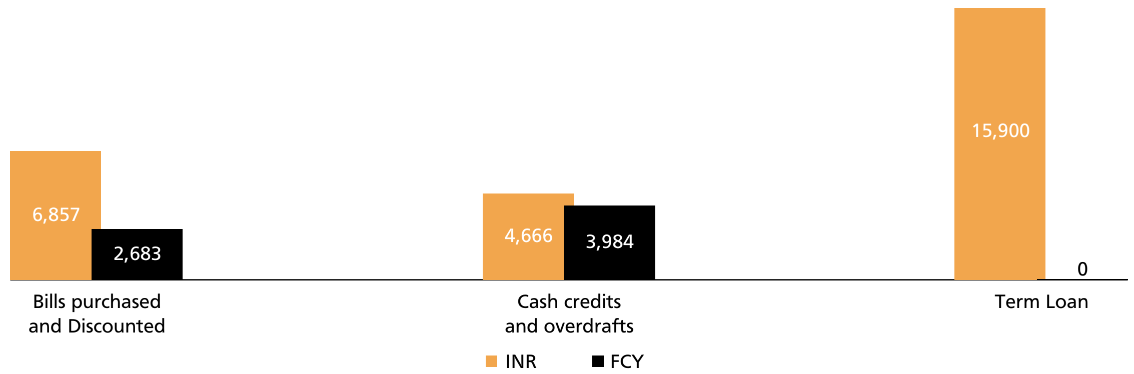
b.1. Loans and Advances

In a year of challenging market conditions and lower credit growth, the Bank has been successful in growing the loan book by 16%. The growth has been broad based from a wide range of sectors, led by Corporates and SMEs.

2009 Sector wise Loan Composition



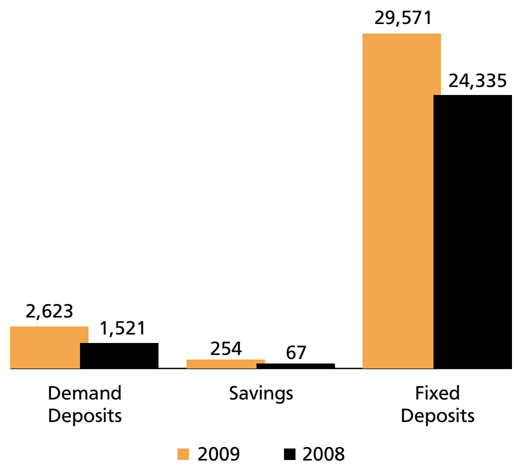
2009 Loan Composition (INR M)



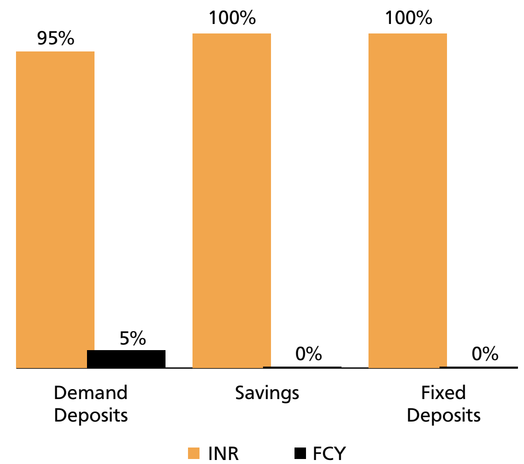
b.2. Customer Deposits

Customer Deposits increased 25% to INR 32.5 Billion as a result of the focussed deposit mobilisation initiatives on the back of an extended branch network. From a composition, fixed deposits account for 92% of total customer deposits with demand deposits accounting for the balance.

Deposit Diversification (INR M)



2009 Loan Composition (INR M)



c. Capital

The CRAR for March 2009 was 15.70% as compared to a minimum of 9%. During the year, Tier 1 Capital had been augmented by INR 1 billion through transfer of Retained Earnings to Capital Retained in India for CRAR Purposes. Additionally, there have been two tranches of injection of Tier 2 - Subordinated Debt to augment Capital Funds. DBS India is well poised to continue its growth momentum.

SCALING NEW HEIGHTS

At DBS, we never lose sight of our goal. Amidst an unstable and uncertain economic environment, we continued to break new ground and proceed undeterred in our pursuit. Some of the significant activities that underlined our growth in 2008 - 09 are highlighted here.

2008 - 2009 Highlights

1 Apr - Jun 08

- 8 branch licenses granted by RBI.

2 July - Sept 08

- Branch launches at Pune, Kolkata, Chennai and Bengaluru.
- DBS India launched eTax services enabling clients to route tax payments such as service tax through DBS' electronic banking channel - IDEAL. DBS has aligned its systems with the correspondent bank network to offer this service.

3 Oct - Dec 08

- New CEO, Sanjiv Bhasin joins the DBS India team.
- DLF Group: DBS Bank structured an onshore term loan facility of INR 2 billion for part financing the group's capex plans.

4 Jan - Mar 09

- Telco Construction Equipment Company Limited: DBS Bank supported the working capital requirements of the company's Spanish Subsidiaries through a stand-by letter of credit for EUR 10 million.
- Cheque Express: The bulk payments module was launched by DBS India completing the payments product suite and enabling corporates to issue bulk instruments (cheques with facisimile signatures, drafts). Instruments can be printed decentralised at any of DBS' branch locations. This product has made payments significantly efficient for corporate clients.
- Deepak Cables (India) Limited: DBS Bank supported the company's guarantee requirements for INR 1 billion to be issued in favor of large state-owned electrical companies.
- Emami Group: DBS Bank structured a Cash Management Solution for Emami Biotech and Emami Paper Mills Ltd. and started handling their collections at some of the major locations.
- Branch launches at Nashik, Moradabad, Surat and Salem.
- DBS India Cash Management won the 'AAA Rising Star Cash Management Award' from 'The Asset' magazine. The award was won for the remarkable growth shown by the business and for its successful establishment and commercialization of a comprehensive cash management platform.

CSR INITIATIVES IN INDIA

Core to DBS' philosophy is its engagement with community and commitment to make a positive difference. In India too, the bank has extended the group's vision and has taken up the cause of nurturing underprivileged children with education. Our partnerships with Aseema and World Vision, two NGOs that work dedicatedly for educating children, have made a positive impact to the lives of several hundred children. From setting up basic school infrastructure to empowering kids with IT facilities, to training teachers, DBS India, led by its enthusiastic staff volunteers, has been at the forefront of supporting the spread of education. The staff also voluntarily pledged a day's salary to support the relief and rehabilitation efforts of those impacted by the horrendous terrorist attacks in Mumbai on November 26, 2008.

1 Lighting the lamp of learning

DBS Bank India, in association with Aseema, an NGO to support underprivileged kids, achieved a major milestone when a dilapidated municipal school was transformed into a safe, stimulating learning environment with modern facilities and infrastructure. Broken furniture, ineffective drainage system, dirty classrooms and lack of basic requirements were just some of the challenges facing the children and Aseema. With the help of DBS staff volunteers, the class-rooms were painted and renovated, a well-furnished library was set-up for the use of children of the secondary section, an art-room, a staff-room and a computer lab were also set-up within the school premises. Further, health and hygiene initiatives were given a fillip with a water-purifier, a water cooler and sinks being installed. Staff volunteers regularly engage with the kids studying in the school to monitor and track progress as DBS has an ongoing commitment to support the school.

2 Pledging support against terror

DBS Bank India employees voluntarily came together to condemn the horrendous terror attacks in Mumbai on 26/11 and pledged their one-day salary towards the relief and rehabilitation of the victims.

3 Showcasing talent

DBS Bank India successfully organized an exhibition and sale of gift items designed by children associated with Aseema. Among the several items on display were colourful notepads, cups, drawings, coasters, bags, etc. Each item was hand crafted and portrayed the vivid imagination, creativity, craftsmanship and inherent talent of the young minds.

4 Shaping the future

DBS Bank India provided two sets of uniforms, compass boxes and notebooks for 1,300 students of a school supported by our partner NGO, World Vision. Moreover, new benches, exhaust fans, black boards, flooring, renovation of existing toilets, construction of a new toilet, water purifiers, books and cupboards for the library were provided to the school.

5 Stepping out to explore

Two educational trips, one at Nehru Science Centre and the other to the local zoo in Mumbai, were organized for 700 children.

6 Training the trainer

DBS has, on an ongoing basis, provided professional training to teachers of schools run by its NGO partners, Aseema and World Vision, with the help of experts from the industry. These training programs enable sharing of best practices and new techniques for teaching and learning.

7 Joining hands

60 staff volunteers from India, Singapore and Hong Kong joined hands to renovate a school run by World Vision, our NGO partner. The 3-day activity involved hands-on jobs - painting classrooms, fixing new blackboards, repairing desks, cleaning the premises and sanitizing it, among others. A perfect example of team building to make a difference.

CEO's Letter

"We registered impressive growth amidst an adverse economic environment by expanding our client base in India and engaging with them at various levels to understand their requirements and accordingly offer optimal solutions. Today, DBS is the first and the largest Singapore bank in India with 10 branches across the country. Backed by a strong, resilient pan-Asian franchise, we plan to roll out several new initiatives this year to sustain our growth momentum in India. We are committed to building a universal banking franchise in India. Our greatest strength is our people who wear a 'can do' attitude towards service excellence at all times."

To say that the past year has been challenging would be reiterating the sentiment that is echoing the world over. Developed economies are facing serious challenges and emerging economies the aftermath of the impact on the developed world. Collapse of several corporate giants and coming to light of huge scams have only worsened the state of affairs.

The limited availability of quality capital severely impacted corporate India and resulted in significantly low credit growth. Despite the tough times, DBS Bank expanded its client relationships in India, both in terms of number as well as nature. A key reason behind the increased confidence our customers have placed in us has been our ability to engage with them at various levels to understand their requirements and accordingly offer optimal solutions. This resulted in comprehensive growth for the bank across parameters and is the key theme that underlines our performance. Our ability to partner clients in times of adversity has only reinforced our commitment to them and their success, further strengthening our relationship.

Continuing our relentless pursuit of growth and expanded reach in 2008-09, we opened eight new branches. We are now the first and the largest Singapore bank in India with ten branches and a strong pan-India presence across Bengaluru, Chennai, Kolkata, Moradabad, Mumbai, Nashik, New Delhi, Pune, Salem and Surat. Moreover, we welcomed over 176 new employees to the DBS family and are now the employer of choice to 373 individuals. With a well spread geographic network and a growing, committed team, the bank is ideally poised to service customers across the country.

In terms of financials, buoyed by strong performances in transaction services, fixed income, treasury and wealth management in fiscal 2008-09, DBS Bank India recorded a significant 84% increase in revenues over the past year. Profits after tax grew an astounding 298% and the balance sheet grew by 38% during the same period, reflecting an all-round expansion of business and enhanced customer relationships. Our impressive top line and bottom line performances simply emphasize our efforts towards realizing growth objectives and reinforce our commitment to customers.

1

Jeanette Wong, Group Executive, Institutional Banking Group, DBS Bank lighting the lamp.

2

'Rising Star Cash Management' Award 2009.

3

"Keep Going And Going" Award 2008.

During the year, DBS India was awarded the prestigious 'AAA Rising Star Cash Management Award' by 'The Asset' magazine and the coveted 'Keep Going and Going' award by the DBS group CEO for CSR initiatives.

Core to DBS' philosophy is its engagement with community and commitment to make a positive difference. In India too, the bank has extended the group's vision and has taken up the cause of nurturing underprivileged children with education. Our partnerships with Aseema and World Vision, two NGOs that work dedicatedly for educating children, have made a positive impact to the lives of several hundred children. From setting up basic school infrastructure to empowering kids with IT facilities, to training teachers, DBS Bank, led by its enthusiastic staff volunteers, has been at the forefront of supporting the spread of education. The staff also voluntarily pledged a day's salary to support the relief and rehabilitation efforts of those impacted by the horrendous terrorist attacks in Mumbai on November 26, 2008.

As one of Asia's leading financial services group, DBS brings deep understanding of the region, local culture and insights to partner clients as they look beyond the Indian borders in their quest for new markets and opportunities in Asia. Our key value proposition lies in our ability to provide Asia-specific focus to our products, services and outlook.

Supported by a strong, resilient pan-Asian franchise, we plan to roll out several new initiatives this year to sustain our growth momentum and are committed to build a universal banking franchise in India. Our greatest strength is our team, that wears a refreshing 'can do' attitude at all times and is completely devoted towards building the DBS franchise in India through excellence and innovation in products and service quality.

Sanjiv Bhasin
GM & CEO, DBS Bank Ltd., India

Management Team

1 Sanjiv Bhasin
2 Vijit Yadav
3 Vivek Batra
4 Rahul Johri
5 Yazad Cooper
6 Vinay Gupta
7 Sanjeev Lall
8 Sanjeev Uppal
9 Rajesh Pai
10 Rajat Agrawal
11 Sumit Sharma

Management Team

Sanjiv Bhasin
General Manager & CEO **1**

Sanjiv joined DBS Bank India in September 2008 and serves as the General Manager and Chief Executive Officer of the Bank. Before joining DBS, he was the Chief Executive Officer & Managing Director of Rabo India Finance, the Indian subsidiary of Rabobank Nederland. He has also worked as the Chief Operating Officer (COO) of HSBC India, where he started his career.

Across a career spanning 30 years, Sanjiv has donned several key leadership roles mainly in the Corporate Banking, Investment Banking and Credit & Risk Management divisions of HSBC in India and overseas, including stints with the Investment Bank in London and as the Chief Executive Officer of HSBC Mauritius.

By qualification, Sanjiv is an MBA in Finance from XLRI Jamshedpur and holds a B.Com (Hons) degree from Sriram College of Commerce, New Delhi.

Vijit Yadav
Head, Technology & Operations **2**

Vijit joined DBS Bank India in April 2007 and serves as Head, Technology and Operations. He is also a member of the Indian Management Committee (the defacto board), India ALCO, HR Committee and The Risk and Control Committee.

Prior to joining DBS, he was Director at Dell's Global Finance Back Office operating group in Bengaluru. Vijit has also held several leadership positions with HSBC in the Consumer Bank, Corporate Bank and support functions.

With over 20 years of experience, he brings a deep understanding of both banking and operations. By qualification, Vijit is an MBA from IMI and holds a Diploma in Business Management from the London School of Foreign Trade, U.K. and a Masters degree in History from St. Stephens College, Delhi University.

Vivek Batra
Head, Institutional Banking **3**

Vivek joined DBS Bank India in New Delhi in June 2005 to head the initiative for establishing the Branch, developing the business strategy and ensuring strong financial performance. He later moved to Mumbai as Head, Corporate Banking and is currently the Head Institutional Banking Group, India. Vivek also oversees the Bank's Investment Banking business in India. He sits on several committees including the India Management Committee, ALCO, HR Committee and Risk and Controls Committee.

Having worked in various leadership roles at HSBC across Mumbai, Kolkata and New Delhi,Vivek brings a rich network of relationships and relevant experience of 15 years. He started his career with the Kotak Group in the Capital Markets/ Securities team. By qualification, Vivek is an MBA from IIM Calcutta.

Rahul Johri
Head, Consumer Banking **4**

Rahul joined DBS Bank India in October 2008 and serves as the Head, Consumer Banking. Before joining DBS, he has worked with Standard Chartered Bank (India) and Barclays Bank in senior assignments. At Standard Chartered Bank, he was the Business Head - Global NRI Services, prior to which he performed regional level roles in Branch Banking including as the CEO's Representative for North and East India. At Barclays Bank, he was the Business Head, Retail Liabilities and was involved with the setting-up of the retail bank in India.

In his 18 years of professional experience, Rahul has worked across verticals primarily in the consumer banking domain. By qualification, he is an MBA from XLRI Jamshedpur and holds a B. Tech (Hons) degree in mechanical engineering from IIT, Kharagpur.

Yazad Cooper
Head, Finance **5**

Yazad joined DBS Bank India in August 2004 and serves as Head, Finance. He is a member of the India Management Committee (the defacto board), the India ALCO and the Risk and Control Committee. He has also held officiating responsibility over the Finance function at two overseas entities, in addition to being an ALCO member at Cholamandalam DBS Finance Limited (a JV between the Murugappa Group and DBS Singapore).

Having previously worked with KPMG, Deutsche Bank and HSBC, Yazad has 16 years of relevant experience in the Banking and Financial Services domain. By qualification, he is a CA.

Vinay Gupta
Head, Legal & Compliance **6**

Vinay joined DBS Bank India in August 2004 and serves as the Head, Legal and Compliance. Earlier, he has worked with DBS Bank India as Head, Technology & Operations and Head, Compliance- South & South East Asia (SSEA) at the Group Head Office in Singapore.

A seasoned banker, Vinay has over 27 years of relevant experience, which transcends several verticals. He has earlier worked as Business Head, Retail Banking with Global Trust Bank and as AGM, Retail Banking & Operations, Majan International Bank, Muscat. Vinay has also held several positions with HSBC India in the past including as Head, Retail Banking-Western India; Senior Account Manager-Corporate Banking; Head, Trade Finance-Northern India; Branch Operations Manager at Delhi and as Manager, Financial Control in Delhi and Mumbai.

By qualification, Vinay is an MBA from IIM Ahmedabad and holds a M.A.(Hons.) degree in Economics from Birla Institute of Science & Technology, Pilani.

Rajesh Pai
Head, Treasury & Markets **7**

Rajesh joined DBS Bank India in January 2004 and serves as the Head, Treasury and Markets. Rajesh has earlier worked with leading international banks including Citibank, Banque Indosuez as FX Trader and with Standard Chartered Bank's Global Treasury in India, London and UAE as the Treasury Manager. He has also worked as Treasury Head for the State Bank of Mauritius.

Rajesh has 21 years of Indian and international treasury experience and by qualification, is an MBA from Mumbai University and an Electronics & Communication engineer.

Sanjeev Uppal
Head, Global Transaction Services **8**

Sanjeev joined DBS Bank India in July 2008 as Head, Global Transaction Services (GTS). Before heading GTS, he was Director and Head, Technology and Operations, of PT Bank DBS, Indonesia since 2005.

Prior to joining DBS, Sanjeev worked with HSBC for about 20 years, handling a variety of roles including Head-Operations & Banking Services; Head-Transaction (Cash Management & Trade) business and has also managed the Consumer Banking business for the Northern Region. By qualification, he is a CA.

Sanjeev Lall
Head, Branches **9**

Sanjeev joined DBS Bank India in April, 2004 and Heads branches across the country for DBS. He has played a significant role in establishing the Enterprise Banking (Middle Market and SME) business in India and is a member of the India Asset Liability Management Committee, which is also responsible for the Bank's ALM and investment policy. As the Head of Branches, Sanjeev is responsible for the overall corporate governance of the branches in India and administering the delivery of all corporate and consumer banking businesses through these branches.

Sanjeev brings a rich experience of 19 years in the industry. Prior to joining DBS, Sanjeev was with Credit Lyonnais, where he looked after their corporate banking business in Western India. By qualification, he is an MBA from XLRI and holds an Economics (Hons.) degree from Delhi University.

Rajat Agrawal
Head, Credit Risk **10**

Rajat joined DBS Bank India in April 2009 and serves as Head, Credit Risk. Prior to joining DBS, he was with HSBC Bank, where he was a key member of the credit team, responsible for credit approvals, managing stressed accounts, early warning, and interfacing with regulators and auditors.

In his 15 years of experience, Rajat has worked across several verticals in the financial domain including as an investment banker with Global Trust Bank (GTB) and as a business development manager with Summit Usha Martin Finance. At Indbank Merchant Banking Services, he was responsible for dealing, market making and setting up the trading terminal for the OTCEI (Over the Counter Exchange of India). By qualification, Rajat is an MBA from IIM Ahmedabad and an Economic (Hons) graduate from St. Stephens College, Delhi University.

Sumit Sharma
Head, HR **11**

Sumit joined DBS Bank India in March 2009 as Head, HR. Prior to DBS, Sumit worked with HSBC in corporate and consulting roles, where he has garnered valuable experience by working across geographies like India, Hong Kong, UK and Indonesia. He has previously also worked with Genpact, India.

Through his 17-year career, Sumit has covered a gamut of HR responsibilities with particular emphasis on talent management and strategic HR. By qualification, he is an MBA from INSEAD, France, and also a management graduate from XLRI.

DBS Bank Ltd. - Branches in India

1

2

3

4

5

6

7

8

9

10

1 Mumbai
2 New Delhi
3 Bengaluru
4 Chennai
5 Kolkata
6 Pune
7 Nashik
8 Surat
9 Salem
10 Moradabad

Financial Statements

Auditors' Report

on the Accounts of DBS Bank Ltd., India under section 30 of the Banking Regulation Act, 1949.

We have audited the attached Balance Sheet of DBS Bank Ltd., India (incorporated in Singapore) ('the Bank') as at 31st March 2009 and also the Profit and Loss Account and the Cash Flow Statement annexed thereto for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Companies Act, 1956, the Balance Sheet and the Profit and Loss Account together with the notes thereon, are not required to be and are not drawn up in accordance with Schedule VI of the Companies Act, 1956. The Balance Sheet and Profit and Loss Account are, therefore, drawn up in conformity with Form A and B of the Third Schedule to the Banking Regulation Act, 1949 to the extent applicable to the Bank.

We report that:

a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

b. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

In our opinion, the Balance Sheet, the Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, so far as they apply to Banks and are not inconsistent with the Banking Regulation Act, 1949 and the method of accounting prescribed by the Reserve Bank of India (RBI).

We further report that:

(i) The Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns.

(ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the principal accounting policies and the other notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956 in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of Balance Sheet, of the state of affairs of the Bank as at March 31, 2009;

(ii) in the case of the Profit and Loss Account of the profit/loss for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

For **A P Sanzgiri & Co.**
Chartered Accountants

Abhijit Sanzgiri
Partner
Membership No: 43230

Place: Mumbai
Date: 8th May 2009

Balance Sheet

As at 31 March 2009

(Currency: Indian rupees in thousands)

	Schedule	As at 31 Mar 2009	As at 31 Mar 2008
CAPITAL AND LIABILITIES			
Capital	1	9,518,321	9,518,321
Reserves and Surplus	2	4,486,919	1,896,547
Deposits	3	60,228,642	50,956,717
Borrowings	4	24,970,713	22,123,396
Other liabilities and provisions	5	26,441,289	6,368,812
Total		**125,645,884**	**90,863,793**
ASSETS			
Cash and balances with Reserve Bank of India	6	3,260,266	2,472,585
Balances with banks and money at call and short notice	7	13,092,595	15,775,347
Investments	8	78,106,625	45,123,802
Advances	9	27,228,468	23,641,393
Fixed Assets	10	293,477	109,125
Other Assets	11	3,664,453	3,741,541
Total		**125,645,884**	**90,863,793**
Contingent Liabilities	12	2,423,592,266	3,406,544,767
Bills for collection		4,645,068	3,744,754
Notes to Accounts	18		

Schedules referred to herein form an integral part of the Balance Sheet

As per our report of even date

For **A P Sanzgiri & Co.**
Chartered Accountants

For **DBS Bank Ltd., India**

Abhijit Sanzgiri
Partner
Membership No: 43230
Place: Mumbai
Date: 8th May 2009

Sanjiv Bhasin
General Manager and
Chief Executive Officer

Yazad Cooper
Head, Finance

Profit and Loss Account

For the year ended 31 March 2009

(Currency: Indian rupees in thousands)

	Schedule	Year ended 31 Mar 2009	Year ended 31 Mar 2008
INCOME			
Interest earned	13	8,086,402	6,340,932
Other income	14	3,021,961	(334,484)
Total		11,108,363	6,006,448
EXPENDITURE			
Interest expended	15	4,939,215	3,934,107
Operating expenses	16	1,648,197	881,599
Provisions and contingencies	17	1,930,579	540,488
Total		8,517,991	5,356,194
PROFIT			
Net Profit for the year		2,590,372	650,254
Profit brought forward		1,051,501	596,047
Total		3,641,873	1,246,301
APPROPRIATIONS			
Statutory Reserve		647,593	162,564
Investment Reserve Account		84,972	32,236
Capital retained in India for CRAR purposes		1,003,331	-
Balance carried over to balance sheet		1,905,977	1,051,501
Total		3,641,873	1,246,301

Schedules referred to herein form an integral part of the Profit and Loss Account

As per our report of even date

For **A P Sanzgiri & Co.**
Chartered Accountants

For **DBS Bank Ltd., India**

Abhijit Sanzgiri
Partner
Membership No: 43230
Place: Mumbai
Date: 8th May 2009

Sanjiv Bhasin
General Manager and
Chief Executive Officer

Yazad Cooper
Head, Finance

Cash Flow statement

For the year ended 31 March 2009

(Currency: Indian rupees in thousands)

		Year ended 31 Mar 2009	Year ended 31 Mar 2008
Cash Flows from Operating Activities			
Net Profit before taxation and extraordinary items		4,482,137	1,118,216
Adjustments for:			
Depreciation on Fixed Assets		86,555	57,457
(Profit) on sale of Fixed assets		(302)	(54)
Provision for General Loan Loss on Standard Assets		87,380	52,385
Provisions for Depreciation on Investments		(196,115)	(74,400)
Other Provisions		26,418	53,291
Provision for Non Performing Assets		153,772	41,250
Operating Profit before Working Capital changes		**4,639,845**	**1,248,145**
(Increase) in Investments		(32,786,708)	(34,264,683)
(Increase) in Advances		(3,740,847)	(11,343,627)
(Increase) / Decrease in Other Assets		77,088	201,120
Increase in Deposits		9,271,925	12,594,559
Increase / (Decrease) in Other liabilities and provisions		1,999,903	(11,584)
Increase in Borrowings		2,847,316	16,823,396
Income Tax Paid		(1,350,000)	(1,776,632)
Net Cash Flow generated from/ (used in) Operating Activities	**A**	**(19,041,478)**	**(16,529,306)**
Cash Flows from Investing Activities			
Purchase of Fixed Assets / CWIP		(271,295)	(56,188)
Proceeds from sale of Fixed Assets		691	101
Net Cash Flow generated from / (used in) Investing Activities	**B**	**(270,604)**	**(56,087)**
Cash Flows from Financing Activities			
Subordinated Debt from Head Office		17,417,011	-
Net Cash Flow from Financing Activities	**C**	**17,417,011**	**-**
Net Increase/ (Decrease) in cash and cash equivalents	**(A+B+C)**	**(1,895,071)**	**(16,585,393)**
Cash and cash equivalents at the beginning of the year		18,247,932	34,833,325
Cash and cash equivalents at the end of the year		**16,352,861**	**18,247,932**
Notes: Cash and Cash equivalents represent			
Cash and balances with Reserve Bank of India		3,260,266	2,472,585
Balances with banks and money at call and short notice		13,092,595	15,775,347
Total		**16,352,861**	**18,247,932**

As per our report of even date
For **A P Sanzgiri & Co.**
Chartered Accountants

For **DBS Bank Ltd., India**

Abhijit Sanzgiri
Partner
Membership No: 43230
Place: Mumbai
Date: 8th May 2009

Sanjiv Bhasin
General Manager and
Chief Executive Officer

Yazad Cooper
Head, Finance

Schedule to Financial Statements

As at 31 March 2009

(Currency: Indian rupees in thousands)

		As at 31 Mar 2009	As at 31 Mar 2008
01. CAPITAL			
Face value of securities deposited with the RBI under Section 11(2)(b) of the Banking Regulation Act, 1949		550,000	350,000
Head Office Account (including start-up capital of INR 313,371 thousand)		**9,518,321**	**9,518,321**
02. RESERVES AND SURPLUS			
A	**Statutory Reserve**		
	Balance as per last balance sheet	496,884	334,320
	Additions during the year	647,593	162,564
		1,144,477	**496,884**
B	**Capital Reserve**	**5,096**	**5,096**
C	**Investment Reserve Account**		
	Balance as per last balance sheet	32,236	-
	Additions during the year	84,972	32,236
		117,208	**32,236**
D	**Capital retained in India for CRAR purposes**		
	Balance as per last balance sheet	310,294	310,294
	Additions during the year	1,003,331	
		1,313,625	**310,294**
E	**Balance in Profit and Loss Account**		
	Balance as per last balance sheet	1,051,501	596,047
	Additions during the year	1,857,807	455,454
	Transfer to Capital retained in India for CRAR purposes	(1,003,331)	-
		1,905,977	**1,051,501**
F	**Deferred Tax Reserve**	**536**	**536**
Total		**4,486,919**	**1,896,547**

(Currency: Indian rupees in thousands)

	As at 31 Mar 2009	As at 31 Mar 2008
03.DEPOSITS		
A (i) Demand Deposits		
From banks	420,102	5,167
From others	2,623,203	1,520,508
	3,043,305	1,525,675
(ii) Saving Bank Deposits	**254,322**	**67,148**
(iii) Term Deposits		
From banks	27,359,686	25,029,336
From others	29,571,329	24,334,558
	56,931,015	49,363,894
Total	**60,228,642**	**50,956,717**
B Deposits of branches in India	60,228,642	50,956,717
Total	**60,228,642**	**50,956,717**

04.BORROWINGS

	As at 31 Mar 2009	As at 31 Mar 2008
I Borrowings in India		
(i) Reserve Bank of India	4,200,000	6,750,000
(ii) Other banks	4,070,000	9,690,000
(iii) Other institutions and agencies	12,893,479	5,590,117
	21,163,479	22,030,117
II Borrowings outside India from Banks	3,807,234	93,279
Total	**24,970,713**	**22,123,396**
Secured borrowings included in I and II above	17,093,479	12,340,117

05.OTHER LIABILITIES AND PROVISIONS

	As at 31 Mar 2009	As at 31 Mar 2008
Bills payable	108,842	83,382
Interest accrued	436,993	649,719
Subordinated Debt *	22,462,324	5,045,313
Contingent Provision against Standard Advances	171,929	138,384
Contingent Provision against Derivatives exposures	53,836	-
Others (including provisions)	3,207,365	452,014
Total	**26,441,289**	**6,368,812**

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

Schedule to Financial Statements
As at 31 March 2009

(Currency: Indian rupees in thousands)

	As at 31 Mar 2009	As at 31 Mar 2008
06. CASH AND BALANCES WITH RESERVE BANK OF INDIA		
Cash in hand (including foreign currency notes)	7,812	6,127
Balances with RBI in Current Account	3,252,454	2,466,458
Total	**3,260,266**	**2,472,585**

07. BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

	As at 31 Mar 2009	As at 31 Mar 2008
I In India		
(i) Balance with Banks		
In Current Accounts	12,375	10,260
In Other Deposit Accounts	10,772,000	15,373,824
	10,784,375	15,384,084
(ii) Money at call and short notice	-	-
	10,784,375	15,384,084
II Outside India		
In Current Accounts	2,308,220	391,263
In Other Deposit Accounts	-	-
Money at call and Short Notice	-	-
	2,308,220	391,263
Total	**13,092,595**	**15,775,347**

08. INVESTMENTS

	As at 31 Mar 2009	As at 31 Mar 2008
Investments in India in		
Government securities*	39,197,096	27,722,557
Debentures and Bonds	270,000	270,000
Others (Certificate of Deposits)	38,639,529	17,131,245
Total	**78,106,625**	**45,123,802**
Gross Investments in India	78,114,931	45,328,223
Less: Provision for depreciation	8,306	204,421
Net Investments in India	**78,106,625**	**45,123,802**

* : Includes :
(A) Securities pledged as margin with CCIL INR 308,728 thousands (PY: INR 316,800 thousands)
(B) Securities held u/s 11(2)(b) with RBI INR 549,823 thousands (PY: INR 381,954 thousands),
(C) Securities pledged as collateral for LAF INR 4,530,907 thousands (PY: INR 7,087,500 thousands),
(D) Securities held with CCIL for borrowings under CBLO INR 13,114,871 thousands (PY: INR 4,955,592 thousands)

(Currency: Indian rupees in thousands)

		As at 31 Mar 2009	As at 31 Mar 2008
09. ADVANCES			
A	Bills purchased and discounted	6,772,124	5,462,377
	Cash credits, overdrafts and loans repayable on demand	14,763,584	12,188,152
	Term Loans	5,692,760	5,990,864
	Total	**27,228,468**	**23,641,393**
B	Secured by tangible assets*	14,529,131	11,343,335
	Covered by Bank / Government Guarantees**	2,081,022	1,428,856
	Unsecured	10,618,315	10,869,202
	Total	**27,228,468**	**23,641,393**
C	Advances in India		
	Priority Sectors	11,226,155	11,089,413
	Public Sectors	-	-
	Banks	-	-
	Others	16,002,313	12,551,980
	Advances Outside India	-	-
	Total	**27,228,468**	**23,641,393**

* : includes secured by book debts
** : includes advances covered by LCs issued by banks

		As at 31 Mar 2009	As at 31 Mar 2008
10. FIXED ASSETS			
I	Other Fixed Assets (including furniture and fixtures)		
	Cost at the beginning of the year	271,022	215,994
	Additions during the year	271,776	56,188
	Deductions during the year	(2,610)	(1,160)
		540,188	271,022
	Accumulated depreciation	(246,711)	(161,897)
	Total	293,477	109,125
II	**Capital work in progress** (including capital advances)	-	-
	Total	**293,477**	**109,125**

	As at 31 Mar 2009	As at 31 Mar 2008
11. OTHER ASSETS		
Interest accrued	1,687,290	674,818
Tax paid in advance / Tax Deducted at Source (net of provisions)	-	244,667
Non Banking assets acquired in satisfaction of claims (Re. 1)	-	-
Stationery & Stamps	11	18
Deferred Tax Asset	153,785	51,009
Others	1,823,367	2,771,029
Total	**3,664,453**	**3,741,541**

	As at 31 Mar 2009	As at 31 Mar 2008
12. CONTINGENT LIABILITIES		
Liability on account of outstanding forward exchange contracts	1,462,329,442	1,137,562,651
Liability on account of outstanding Currency and Interest Rate Swap and Option contracts	927,474,637	2,247,883,859
Guarantees given on behalf of constituents in India	25,766,524	13,047,757
Acceptances, endorsements and other obligations	5,868,268	8,050,500
Other items for which the Bank is contingently liable	2,153,395	-
Total	**2,423,592,266**	**3,406,544,767**

(Currency: Indian rupees in thousands)

	As at 31 Mar 2009	As at 31 Mar 2008
13. INTEREST EARNED		
Interest/ discount on advances/ bills	2,389,066	1,650,471
Income on investments	4,031,493	2,589,456
Interest on balances with RBI and other inter-bank funds	1,665,843	2,101,005
Total	**8,086,402**	**6,340,932**

	As at 31 Mar 2009	As at 31 Mar 2008
14. OTHER INCOME		
Commission, exchange and brokerage	1,949,046	364,331
Net Profit / (Loss) on sale of investments	(53,644)	(174,393)
Net Profit on sale of land, buildings and other assets	302	54
Net Profit / (Loss) on Foreign Exchange and Derivative transactions	1,120,712	(556,858)
Miscellaneous Income	5,545	32,382
Total	**3,021,961**	**(334,484)**

	As at 31 Mar 2009	As at 31 Mar 2008
15. INTEREST EXPENDED		
Interest on Deposits	2,238,037	1,218,878
Interest on RBI / Inter-bank borrowings *	2,701,178	2,715,229
Total	**4,939,215**	**3,934,107**

* : including interest on repos, CBLOs and subordinated debt

	As at 31 Mar 2009	As at 31 Mar 2008
16. OPERATING EXPENSES		
Payments to and provisions for employees	915,157	554,541
Rent, taxes and lighting	219,580	71,456
Printing and Stationery	4,212	3,137
Advertisement and publicity	42,786	9,938
Depreciation on bank's property	86,555	57,457
Auditor's fees and expenses	350	350
Law Charges	4,594	3,089
Postage, Telegram, Telephone, etc.	29,920	8,751
Repairs and maintenance	21,926	17,198
Insurance	26,601	18,383
Brokerage charges	33,360	25,577
Professional Fees	26,359	14,837
Head Office Expenses	111,195	40,000
Other Expenditure	125,602	56,885
Total	**1,648,197**	**881,599**

(Currency: Indian rupees in thousands)

17. PROVISIONS AND CONTINGENCIES

	As at 31 Mar 2009	As at 31 Mar 2008
Provision for Non Performing Assets	121,130	41,250
Provision for Standard Assets	33,545	52,385
Provision for Credit Exposures in Derivatives	53,835	-
Provision/(Write-back) for Depreciation on Investments	(196,115)	(74,400)
Provision for Current Income-Tax	1,999,484	517,524
Provision/(Write-back) for Deferred Income-Tax	(107,718)	(49,562)
Provision for Fringe Benefit Tax	6,351	4,047
Provision for Country Risk	3,696	192
Provision for Employee Benefits	14,642	10,964
Other Provisions	1,729	38,088
Total	**1,930,579**	**540,488**

18. Notes Forming Part of the Accounts for the year ended 31st March 2009

01. Background

The accompanying financial statements for the year ended 31 March 2009 comprise the accounts of the Indian branches of DBS Bank Ltd., which is incorporated in Singapore. The Indian branches of the Bank as at 31 March 2009 are located at Mumbai, New Delhi, Bangalore, Chennai, Pune, Kolkata, Nashik, Surat, Salem and Moradabad.

02. 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 comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable and conform to the statutory requirements prescribed under the Banking Regulation Act, 1949, circulars issued by the Reserve Bank of India ('RBI') from time to time and current practices prevailing within the banking industry in India.

03. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

04. Significant Accounting Policies

(i) Foreign Exchange

Foreign currency assets, liabilities and off balance sheet items are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange positions in spot and forward contracts are revalued at the rates notified by FEDAI. The resultant gain or loss is recognised in the Profit and Loss Account.

Income and expenditure in foreign currency is translated at the exchange rates as prevailing on the month end in which such income or expenditure is recorded.

(Currency: Indian rupees in thousands)

(ii) Derivative transactions

Derivatives comprise interest rate swaps, cross currency swaps and options and are a part of the trading book. These are valued at the estimated realisable market price and the resultant gain / loss is recorded in the Profit & Loss Account. The net unrealised profits or losses on these products are reflected in the Balance Sheet under Other Liabilities or Other Assets respectively.

(iii) Investments

Classification

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

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 year-end rates as published by Primary Dealers Association of India ('PDAI') jointly with the Fixed Income Money Market and Derivatives Association of India ('FIMMDA'). 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. Treasury Bills and Certificate of Deposits are valued on a carrying cost basis.

The provision held on account of depreciation in the HFT and AFS categories which was in excess of the required amount was credited to the Profit & Loss account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) was appropriated to an Investment Reserve Account in Schedule 2 - "Reserves & Surplus", in accordance with the RBI's Master Circular DBOD.BP.BC.5/21.04.141/2008-09 dated 1st July 2008.

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 that security.

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

Transfer of securities between categories

Reclassification of investments from one category to the other, is in accordance with RBI guidelines and any such transfer is accounted for as 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 repos/ reverse repos

In accordance with RBI Circular DBOD.BP.BC.5/21.04.141/2008-09 dated 1st July 2008, Repurchase/ Reverse-repurchase transactions (other than those under the Liquidity Adjustment Facility 'LAF' with RBI) are considered as outright sale and purchase contracts respectively. The difference between the clean price of the first leg and the clean price of the second leg is recognised as interest income/expense over the period of the transaction.

(iv) Advances

Advances are stated net of specific loan provisions and write offs. Provision for loan losses made in respect of identified advances, are based on the periodic review as per Bank's policy, which comply with RBI guidelines.

The Bank also maintains a general loan loss provision on Standard Advances and Derivative Exposures at rates as prescribed by RBI, and discloses the same in Schedule 5 ('Other liabilities and Provisions').

(v) Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight line basis over the estimated useful life of the asset at the rates mentioned below:

(Currency: Indian rupees in thousands)

Assets	Rate
Office Equipment	12.50% - 20.00%
Computers	33.33%
Furniture and Fixtures	20.00%
Motor Vehicles	20.00%
Leasehold Improvements	Over the life of the lease

Depreciation for the entire month is charged in 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 beginning of the month of sale. Leasehold improvements are depreciated over the residual period of the lease.

(vi) Employee Benefits

(a) Provident Fund: The Bank has its own trust for Provident Fund for the benefit of its employees. Contributions to the Provident Fund are recognised on an accrual basis and charged to the Profit And Loss account.

(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, the Bank has made a provision 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 taken to the Profit and Loss account.

(c) Compensated Absences: The Bank makes a provision for compensated absences on the basis of actuarial valuation, as carried out by an independent actuary, and the same is charged to the Profit And Loss account.

(vii) 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.

(viii) Revenue Recognition

Income is accounted for on an accrual basis except in case of interest on non-performing assets which is recognised on receipt basis.

Fee and commission income is recognized when due, except on guarantees which are recognised on a receipt basis.

Premium paid or received on option contracts is accounted upfront in the Profit & Loss Account.

(ix) 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 and fringe benefit tax 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, using the liability method between the accounting and tax statement on income and expenses. Deferred Tax Assets are recognised only to the extent that there is a virtual certainty as regards to its realisability.

(x) Net Profit

Net profit is computed after:

Provision for loan losses/ write offs, including general loan loss provision on standard assets and derivatives

Provision for diminution in the value of investments

Provision for income tax and wealth tax in accordance with statutory requirements

Schedule to Financial Statements
As at 31 March 2009

(Currency: Indian rupees in thousands)

Provision for deferred taxation

Charge for head office administrative expenses for the year

Other usual and necessary provisions.

(xi) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Bank has a present obligation as a result of past event 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.

05. 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.

06. Capital

The Bank is following RBI guidelines for calculation of capital adequacy under BASEL II requirements. Credit Risk is calculated using the Standardised Approach, Operational Risk is calculated using the Basic Indicator Approach and Market Risk is computed in accordance with RBI guidelines with minimum capital requirement being expressed in terms of two specific charges – Specific Market Risk and General Market Risk.

The capital adequacy ratio of the bank, calculated as per Basel II requirement as well as under the earlier method (BASEL I) is set out below:

Per BASEL II

Particulars	As at 31 Mar 2009	As at 31 Mar 2008
CRAR (%)	15.70%	18.15%
CRAR - Tier I Capital (%)	10.27%	14.98%
CRAR - Tier II Capital (%)	5.43%	3.17%
Amount of eligible Subordinated Debt in Tier-II	5,913,867	2,018,125

Per BASEL I

Particulars	As at 31 Mar 2009	As at 31 Mar 2008
CRAR (%)	18.40%	21.25%
CRAR - Tier I Capital (%)	12.03%	17.53%
CRAR - Tier II Capital (%)	6.37%	3.72%
Amount of eligible Subordinated Debt in Tier-II	5,913,867	2,018,125

(Currency: Indian rupees in thousands)

07. Investment

Particulars	As at 31 Mar 2009	As at 31 Mar 2008
Value of Investments (*)		
Gross Value of Investments	78,114,931	45,328,223
Less: Provision for Depreciation	8,306	204,421
Net Value of Investments	78,106,625	**45,123,802**
Movement in Provisions Held towards Depreciation on Investments		
Opening Balance	204,421	278,821
Add: Provisions Made During the Year	-	
Less: Write off/ Write back of Excess provisions during the Year	(196,115)	(74,400)
Closing Balance	**8,306**	**204,421**

(*) All investments are held in India.

08. REPO/ REVERSE REPO TRANSACTIONS

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31st March
Securities sold under Repos	-	26,594,105	10,721,083	6,231,633
	(55,369)	(18,736,435)	(7,881,986)	(-)
Securities purchased	-	19,500,000	264,522	-
under Reverse Repos	(-)	(-)	(-)	(-)

(Figures in brackets indicate previous year figures)

09. Non - SLR Investment Portfolio

Issuer composition of Non - SLR Investments as at 31 March 2009 is stated below:

Issuer	Amount	Extent of "private placement"	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
PSUs		-	-	-	–
	(-)	(-)	(-)	(-)	(-)
FIs	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Banks	38,639,529	-	-	-	-
	(17,131,245)	(-)	(-)	(-)	(-)
Private Corporates	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Subsidiaries/ Joint	-	-	-	-	-
ventures	(-)	(-)	(-)	(-)	(-)
Others	270,000	80,000	-	-	-
	(270,000)	(80,000)	(-)	(-)	(-)

(Currency: Indian rupees in thousands)

Issuer	Amount	Extent of "private placement"	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
Provision held	-	-	-	-	-
towards depreciation	(-)	(-)	(-)	(-)	(-)
Total	**38,909,529**	**80,000**	-	-	-
	(17,401,245)	**(80,000)**	(-)	(-)	(-)

(Figures in brackets indicate previous year figures)

10. Non performing Non - SLR Investments

Non performing Non - SLR Investments as at 31 March 2009 were Nil (Previous Year: Nil).

11. Derivatives - Forward Rate Agreements/ Interest Rate Swap

The Bank deals in Interest Rate Swaps and Forward Rate Agreements.

Particulars	As at 31 Mar 2009	As at 31 Mar 2008
Notional principal of Interest Rate Swaps	754,508,692	2,118,718,511
Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	11,351,240	8,003,614
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps (exposure to banking industry)	94%	96%
The fair value of the swap book [asset/ (liability)]	(229,164)	(1,230,327)

In terms of the guidelines issued by RBI, the following additional information is disclosed in respect of outstanding Interest Rate Swaps and FRAs as at 31st March 2009:

Benchmark	Terms	31 March 2009		31 March 2008	
		Nos.	Notional Principal	Nos.	Notional Principal
3 Month MIFOR	Pay Fixed Receive Floating	1	640,000	4	2,390,000
3 Month MIFOR	Receive Fixed Pay Floating	-	-	3	1,640,000
6 Month MIFOR	Pay Fixed Receive Floating	182	63,973,500	209	66,049,000
6 Month MIFOR	Receive Fixed Pay Floating	117	47,702,000	133	50,245,000
OIS 1 year	Pay Fixed Receive Floating	222	217,962,090	749	678,500,000
OIS 1 year	Receive Fixed Pay Floating	205	199,800,000	721	658,500,000
OIS 6 months	Pay Fixed Receive Floating	274	95,860,505	938	322,470,000
OIS 6 months	Receive Fixed Pay Floating	259	92,616,598	893	318,940,000
JPY Libor 6 months	Pay Fixed Receive Fixed	2	972,898	4	1,524,253
JPY Libor 6 months	Pay Fixed Receive Floating	3	352,817	3	276,382
JPY Libor 6 months	Pay Floating Receive Floating	1	937,961	1	734,759
JPY Libor 6 months	Receive Fixed Pay Fixed	2	972,898	-	-
JPY Libor 6 months	Receive Fixed Pay Floating	3	351,787	3	275,575
USD Libor 1 year	Pay Fixed Receive Fixed	2	1,014,400	2	802,400
USD Libor 1 year	Receive Fixed Pay Fixed	2	1,014,400	-	-
USD Libor 3 months	Pay Fixed Receive Fixed	1	760,800	4	2,006,000

(Currency: Indian rupees in thousands)

Benchmark	Terms	31 March 2009		31 March 2008	
		Nos.	Notional Principal	Nos.	Notional Principal
USD Libor 3 months	Pay Fixed Receive Floating	3	1,866,496	-	-
USD Libor 3 months	Receive Fixed Pay Fixed	1	760,800	-	-
USD Libor 3 months	Receive Fixed Pay Floating	3	1,866,497	-	-
USD Libor 6 months	Pay Fixed Receive Floating	31	10,685,655	16	4,395,512
USD Libor 6 months	Receive Fixed Pay Floating	32	14,396,590	27	9,889,390
USD FRA 3 months	Pay Fixed Receive Floating	-	-	1	80,240
Total		**1,346**	**754,508,692**	**3,711**	**2,118,718,511**

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 inherent credit risk and no collateral is insisted upon from the counter party as per market practice.

12. Exchange Traded Derivatives

The Bank does not deal in Exchange Traded Derivatives.

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 under the Integrated Risk Framework and as approved by the Risk Committees.

Derivative exposures are subject to Risk Control and Risk Appetite limits separately calibrated for the Trading and Banking books. These Corporate level limits are administered at Head Office and monitored by Head Office as well as locally. Appetite limits are for VaR and Stress Testing. 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 corporate level are granular business level sensitivity limits for interest rates at product, desk/ trader book & tenor levels for each currency and for FX at desk / trader book level for each currency.

All derivative trades entered by the Bank are undertaken in the trading book (there is no hedging book maintained by the Bank) and valued in line with the accounting policy covering the trading transactions. Additionally, these trades may be on account of proprietary positions or for covering customer transactions.

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

The Bank applies the Current Exposure method to assess credit risk associated with Derivatives and Foreign Exchange contracts. Credit risk on a contract is computed as the sum of its mark-to-market value if positive and its potential future exposure which is calculated based on its notional value and its

(Currency: Indian rupees in thousands)

residual maturity. The Bank has made a provision on such credit exposures in accordance with RBI Circular DBOD.No.BP.BC. 31 /21.04.157/2008-09 dated August 8, 2008.

Quantitative Disclosures

Sr No.	Particulars	Currency Derivatives	Interest Rate Derivatives
1	**Derivatives (Notional Principal Amount)**		
	(a) For Hedging	-	-
	(b) For Trading	169,638,749	757,835,888
2	**Marked to Market Positions**		
	(a) Asset	432,501	-
	(b) Liability	-	(229,164)
3	**Credit Exposure**	17,430,306	16,369,833
4	**Likely impact of 1% change in interest rates (100*PV01)**		
	(a) On Hedging Derivatives	-	-
	(b) On Trading Derivatives	(174,356)	430,543
5	**Maximum & Minimum of 100*PV01 observed during the year**		
	(a) On Hedging : Maximum	-	-
	Minimum	-	-
	(b) On Trading : Maximum	(166,571)	951,252
	Minimum	(388,807)	343,808

14. Non Performing Assets (Funded)

Particulars	31 Mar 09	31 Mar 08
(i) Net NPA to Net Advances (%)	0.55%	0.05%
(ii) Movement in Gross NPAs		
(a) Opening Balance	52,136	-
(b) Additions during the year	307,356	52,136
(c) Reductions during the year	15,175	-
(d) Closing Balance	344,317	52,136
(iii) Movement in Net NPAs		
(a) Opening Balance	10,886	-
(b) Additions during the year	153,584	10,886
(c) Reductions during the year	15,175	-
(d) Closing Balance	149,295	10,886
(iv) Movement in provisions for NPAs*		
(a) Opening Balance	41,250	-
(b) Provisions made during the year	153,772	41,250
(c) Write off / Write back of excess provisions	-	-
(d) Closing Balance	195,022	41,250

*Provisions include Interest Suspense and exclude provision on standard assets.

(Currency: Indian rupees in thousands)

15. Loan restructuring

The Bank, during the current year, has neither restructured any loans in terms of RBI Circular DBOD.No.BP.BC.No.37/ 21.04.132/ 2008-09 dated August 27, 2008 nor referred any of its loans to Corporate Debt Restructuring Cell (Previous Year: Nil).

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

During the current year, the Bank has not sold any assets to a Securitisation or Asset Reconstruction Company (Previous Year: Nil).

17. Provision for Standard Assets and Derivatives

Particulars	31 Mar 09	31 Mar 08
General Loan Loss Provision on Standard Assets	171,929	138,384
General Provision on Credit Exposures on Derivatives	53,836	-

18. Business Ratios

Particulars	31 Mar 09	31 Mar 08
i Interest Income to working funds	8.48%	9.09%
ii Non-interest income to working funds	3.17%	-0.48%
iii Operating profits to working funds	4.74%	1.71%
iv Return on Assets	2.72%	0.86%
v Business (deposits plus advances) per employee	166,232	141,658
vi Net Profit per employee	7,216	2,827
vii Percentage of Net NPA to Net Advances	0.55%	0.05%

Note: Business volume has been computed based on advances & deposits (excluding interbank deposits) outstanding as at the year-end. Similarly, employee numbers are those as at the year-end.

19. Exposure to Capital Market

There was no exposure to Capital Market as at 31 March 2009 (Previous Year: Nil).

20. Exposure to Real Estate Sector

Particulars	As at 31 Mar 2009	As at 31 Mar 2008
Direct Exposure		
Residential Mortgages	-	-
Commercial Real Estate	5,624,611	5,072,608
Investments in Mortgage backed Securities	-	-
Indirect Exposure	-	-

(Currency: Indian rupees in thousands)

21. Risk Category Wise Country Risk Exposure

Provision for Country Risk Exposure in terms of RBI master circular DBOD.BP.BC.20/21.04.048/2008-09 dated 1st July 2008 is as follows:

Risk Category	Exposure (net) as at March 2009	Provision held as at March 2009	Exposure (net) as at March 2008	Provision held as at March 2008
Insignificant	8,389,013	4,964	2,747,430	1,268
Low	576,662	-	700,990	-
Moderate	73,407	-	24,838	-
High	7,614	-	7,982	-

There were no exposures under the Very High, Restricted and Off-Credit categories.

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 requirement are held.

22. Single Borrower and Group Borrower Exposure Limits

During the year, the Bank's credit exposures ceiling to individual borrowers has been exceeded in three cases, namely Reliance Petroleum Limited, Reliance Industries Limited and Larsen and Toubro Limited. Further Group borrower ceilings were exceeded in two cases, namely Reliance Group and Larsen and Toubro Group. The approval of the India Management Committee has been obtained for exceeding the exposure ceiling in the above accounts.

23. IncomeTax

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

Particulars	31 Mar 2009	31 Mar 2008
Provision for Current Tax	1,999,484	513,473
Provision for Deferred Tax	(107,718)	(49,562)
Provision for Fringe Benefit Tax	6,351	4,067

24. Deferred Taxes

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

Particulars	As at 31 Mar 2009	As at 31 Mar 2008
Depreciation on fixed assets	429	2,824
Provision on advances	12,716	12,517
Bonus deductible on payment basis u/s 43B	132,678	33,213
Provision for employee benefits	10,813	Nil
Amortisation of club membership fees	(2,851)	(2,487)
Total	**153,785**	**46,067**

25. Subordinated Debt

During the year ended 31st March 2009, the Bank raised Subordinated Debt, details of which are given below:

Date of allotment	Amount in JPY million	Coupon Rate	Coupon Frequency	Final Maturity
April 17, 2008	10,175	6 month LIBOR	Half-yearly	April 17, 2013
May 21, 2008	20,920	6 month LIBOR	Half-yearly	May 21, 2013

(Previous Year Nil).

(Currency: Indian rupees in thousands)

26. 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
Loans & Advances	1,283,503	3,202,857	2,321,633	2,917,724	7,185,731	2,719,085	3,133,727	4,225,197	237,500	1,511	27,228,468
	(2,691,786)	(1,581,712)	(826,404)	(3,782,003)	(5,489,693)	(1,730,008)	(3,351,459)	(3,399,597)	(209,079)	(579,652)	(23,641,393)
Investments	-	7,776,156	-	299,412	5,671,050	3,423,657	41,563,282	17,332,541	1,807,903	232,624	78,106,625
	(9,722,487)	(12,515,286)	(582,648)	(2,209,455)	(7,965,073)	(8,017,636)	(1,788,713)	(694,459)	(270,825)	(1,357,220)	(45,123,802)
Deposits	279,964	22,365,854	8,169,122	8,472,318	6,352,157	6,976,349	3,740,592	3,843,456	28,830	-	60,228,642
	(341,238)	(4,755,789)	(6,872,203)	(15,815,786)	(11,361,536)	(6,984,301)	(3,440,479)	(1,381,883)	(3,502)	(-)	(50,956,717)
Borrowings	3,233	24,967,480	-	-	-	-	-	-	-	-	24,970,713
	(-)	(22,123,396)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(22,123,396)
Foreign Currency Assets (*)	5,122,216	1,652,926	5,645,816	483,687	2,411,294	1,106,652	-	-	-	599,130	17,021,721
	(1,370,537)	(65,485)	(63,938)	(2,714,095)	(2,252,105)	(1,290,552)	(11,750,183)	(-)	(-)	(473,918)	(19,980,813)
Foreign Currency Liabilities (*)	1,496,614	11,821,878	512,906	133,369	1,142,367	5,076,116	71,732	6,561,074	16,021,699	-	42,837,755
	(7,495,738)	(1,215,785)	(429,703)	(2,622,042)	(6,384,462)	(4,705,121)	(968,675)	(5,088,397)	(-)	(-)	(28,909,923)

(Figures in brackets indicate previous year figures)

(*) Foreign currency assets and liabilities exclude off-balance sheet assets and liabilities.

(Currency: Indian rupees in thousands)

27. Segmental Reporting

In line with RBI guidelines, the Bank has identified "Treasury & Markets" and "Corporate Wholesale Banking" as the primary reporting segments. The Bank does not have a Retail banking segment.

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

Corporate and Wholesale Banking primarily comprise Corporate Banking, Enterprise & Mid-Market and Institutional Banking. Revenues for the segment are derived from interest and fee income on loans and advances, float income and fee based income for non funded advances.

The expenses of both the segments comprise funding costs, personnel costs and other direct and allocated overheads.

	Treasury & Markets	Corporate/ Wholesale Banking	Other Banking Operations	Total
Segmental Revenue	6,768,455	4,605,806	-4,338	11,369,923
	(3,959,210)	(2,009,150)	(38,088)	(6,006,448)
Less: Inter				261,560
Segment Revenue				(-)
Total Revenue				11,108,363
				(6,006,448)
Results	3,538,753	1,037,648	-94,263	4,482,138
	(1,115,363)	(448,732)	(-90,203)	(1,473,892)
Unallocated				-
charges				(359,727)
Operating Profit				4,482,138
				(1,118,216)
Tax				1,891,766
				(467,962)
Extraordinary profit/loss				
Net Profit after Tax				2,590,372
				(650,254)
Segment Assets	84,432,379	40,514,585	-	124,946,964
	(66,735,922)	(23,711,676)		(90,447,598)
Unallocated assets				698,920
				(416,195)
Total Assets				**125,645,884**
				(90,863,793)
Segment Liabilities	76,342,617	31,701,824	2,587,203	110,631,644
	(52,706,109)	(26,123,289)	(445,277)	(79,274,675)
Unallocated				1,009,000
Liabilities				(174,250)
Capital and Reserves				14,005,240
				(11,414,868)
Total Liabilities				**125,645,884**
				(90,863,793)

(Figures in brackets indicate previous year figures)

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

(Currency: Indian rupees in thousands)

28. Related Parties

Related parties disclosures under Accounting Standard 18 include:

Parent

DBS Bank Limited., Singapore

Associates

Overseas branches of DBS Bank Ltd.

DBS Bank (Hong Kong) Limited

DBS Cholamandalam Securities Ltd.

DBS Bank Ltd. FII

Cholamandalam DBS Finance Ltd.

DBS Cholamandalam Distribution Ltd.

Key Management Personnel

Mr. Pranam Wahi: General Manager & Chief Executive Officer (till 27th September 2008)

Mr. Vijit Yadav: Acting Chief Executive Officer (from 28th September till 24th November 2008)

Sanjiv Bhasin: General Manager and Chief Executive Officer (from 25th November 2008)

With regard to RBI Circular No. DBOD.BP.BC No.3/21.04.018/2008-09 dated 1 July 2008, 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 "Associates / Joint Ventures". Similarly, there has been only one entity under Key Management personnel at any given point of time, and therefore, those details are also not disclosed.

Items / Related Party	31 Mar 2009	31 Mar 2008
Deposit	2,724	263,043
	(5,110)	(263,043)
Placement of Deposits	3,361	2,973
	(538,592)	(3,378,561)
Borrowings	-	-
	(615,741)	-
Investments	270,000	270,000
	(270,000)	(300,000)
Derivatives / Forward Contracts	12,805,307	13,843,017
	(32,562,157)	(13,843,017)
Interest paid	2,175	-
Interest received	32,429	39,466

(Figures in brackets indicate maximum outstanding during the year)

29. Operating Leases

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

Not later than one year:	INR 2,130 thousand
Later than one year and not later than 5 years:	INR 3,147 thousand
Later than five years:	Nil

The lease payments for the year ended 31 March 2009, charged to the Profit and Loss Account amount to INR 218,039 thousand (previous year INR 75,420 thousands).

(Currency: Indian rupees in thousands)

30. Employee Benefits

Provident Fund: The Bank's contribution to the employees' Provident Fund was INR 17,966 thousands (PY INR 13,071 thousand).

Compensated Absences: The Bank charged to the Profit & Loss Account an amount of INR 17,029 thousands as liability for compensated absences for the year ended 31st March 2009 (PY INR 10,965 thousand).

Gratuity: The bank's contribution to Life Insurance Corporation of India ('LIC') towards the Gratuity Fund for the year ended 31st March 2009 was INR 140 thousand (PY INR 123 thousand).

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

(I) Changes in Defined Benefit Obligation during the Year	
Opening Defined Benefit Obligation	12,266
Interest cost	1,358
Current Service Cost	4,814
Actuarial (Gain) / Losses	1,575
Closing Defined Benefit Obligation	20,013

(II) Changes in fair value of Plan Assets	
Opening Fair Value of Plan Assets	10,467
Expected Return on Plan Assets	777
Actuarial Gain / (Losses)	191
Closing Fair Value of Plan Assets	11,435

(III) Net Asset / (Liability) recognised in the Balance Sheet	
Present Value of obligations as at year end	20,013
Fair Value of plan assets as at year end	11,435
Net Asset / (Liability) recognised in the Balance Sheet	(8,578)

(IV) Amount recognised in the Profit & Loss Account	
Current Service Cost	4,814
Interest on Defined Benefit Obligation	1,358
Expected Return on Plan Assets	(777)
Net Actuarial Losses / (Gains) up to 31st March 2008	1,798
Net Actuarial Losses / (Gains) for the current year	1,384
Amount recognised in the Profit & Loss Account	8,577

(V) Asset Information	
Insurer Managed Funds	11,435

(VI) Principal Actuarial Assumptions	
Discount Rate (per annum)	6.80%
Expected rate of return on assets (per annum)	7.50%
Salary Escalation Rate (per annum) : 10% for first 4years & 7% thereafter	

(Currency: Indian rupees in thousands)

31. Complaints

In terms of RBI Circular DBOD.BP.BC No. 3 / 21.04.018/2008-09 dated 1 July 2008,, the details of customer complaints & ombudsman awards during the year are as under:

Particulars	YE Mar 09	YE Mar 08
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	17	54
No. of complaints redressed during the year	16	54
No. of complaints pending at the end of the year	1	-

Particulars	YE Mar 09	YE Mar 08
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	-	-

32. Impairment of Assets

There is no material impairment of assets and as such there is no provision required in terms of Accounting Standard 28 'Impairment of Assets' issued by the Institute of the Chartered Accountants of India.

33. Contingent Liabilities

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

The Bank enters into foreign exchange contracts, currenc 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 &derivatives contracts have been recorded as contingent liabilities.

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

d)Other items for which the bank is contingently liable

Other items represent estimated amount of contracts remaining to be executed on capital account and outstanding inter-bank repo transactions.

(Currency: Indian rupees in thousands)

34. Other Disclosures

The Bank did not hold any floating provision in its books as at 31st March 2009 (PY: Nil).

Deposits as reported in Schedule 3 include deposits kept by customers as margin against credit facilities INR 1,958,647 thousands (PY: INR 600,421 thousands).

There was no draw down on Reserves during the year ended 31 March 2009 (PY: Nil).

The Bank did not issue any Letter of Comforts (LoCs) during the year ended 31 March 2009 (PY: Nil).

There were no purchases or sales of non-performing financial assets during the year ended 31 March 2009 (PY: Nil).

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 2009 (PY: Nil).

There are no material prior period items included in the Profit and Loss account, which are required to be disclosed as per Accounting Standard 5, read with RBI guidelines (PY: Nil).

During the financial year under review, no penalty has been imposed by RBI on the Bank (PY: Nil).

The Bank has not financed any margin trading activities nor securitised any assets during the current year (PY: Nil).

Previous year's figures have been regrouped / rearranged, wherever necessary.

For **DBS Bank Ltd., India**

Sanjiv Bhasin
General Manager and Chief Executive Officer

Yazad Cooper
Head Finance

Place: Mumbai

Date: 8th May 2009

(Currency: Indian rupees in million)

01. Scope of application

Qualitative Disclosures

DBS Bank Ltd., India ('the Bank') operates in India as a branch of DBS Bank Ltd. Singapore a banking entity incorporated in Singapore with limited liability. As at 31st March 2009, the Bank has a 10 branch presence in 10 cities. The Bank does not have any subsidiaries in India (although it is required to prepare a consolidated return including its associate for the purposes of Consolidated Prudential Reporting (CPR)) and the disclosures contained herein only pertain to the Bank.

Quantitative Disclosures

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

02. Capital Structure

Qualitative Disclosures

Composition of **Tier 1** Capital

Interest free Capital funds injected by Head office

Statutory Reserves calculated at 25% net profits of each year

Capital retained in India for CRAR purposes and

Capital Reserves

Composition of **Tier 2** Capital

Subordinated Debt

Provisions on Standard Assets,

Provision for Country Risk and

Investment Reserve account

Quantitative Disclosures

Capital Funds

Particulars	31 Mar '09	30 Sep '08	31 Mar '08
A. Tier I Capital	**11,827.7**	**10,330.6**	**10,330.6**
Of which			
- Capital (Funds from Head Office)	9,518.3	9,518.3	9,518.3
- Reserves and Surplus	2,463.2	812.3	812.3
- Amounts deducted from Tier I capital; Deferred Tax Asset	153.8	-	-
B. Tier 2 Capital (net of deductions)	**6,261.9**	**5,469.6**	**2,190.0**
Of which			
B.1 Subordinated debt eligible for inclusion in Tier 2 capital			
- Total amount outstanding	22,462.3	19,276.6	5,045.3
- Of which amount raised during the period	16,021.7	16,021.7	-
- Amount eligible as capital funds	5,913.9	5,165.3	2,018.1
B.2 Other Tier 2 Capital			
- Provision for Standard Assets	225.8	297.6	138.4
- Provision for Country Risk	5.0	1.8	1.3
- Investment Reserve Account	117.2	32.2	32.2
C. Total Eligible Capital	**18,089.5**	**15,827.6**	**12,520.6**

(Currency: Indian rupees in million)

Particulars	Mar-09	Dec-08	Sep-08	Jun-08
Tier 1 Capital	11,827.7	11,333.9	10,330.6	10,330.6
Total Capital	18,089.5	17,359.1	15,827.6	15,702.1
Total Capital Required	10,106.9	10,319.0	10,551.6	8,407.6
Tier 1 Capital ratio	10.27%	9.89%	8.81%	11.06%
Total Capital Adequacy ratio	15.70%	15.14%	13.50%	16.81%

03. Capital Adequacy

Qualitative disclosures

The CRAR of the Bank is 15.70 % as computed under Basel II norms. Under the earlier norms, the CRAR would have been 18.40%. The ratio under both scenarios is higher than the minimum regulatory CRAR requirement of 9%.

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

Quantitative disclosures

Particulars	31 Mar 09	30 Sep 08	31 Mar 08
A Capital requirements for Credit Risk (Standardised Approach)	7,349.7	8,976.3	4,926.1
B Capital requirements for Market Risk (Standardised Duration Approach)			
- Interest rate risk	2,228.6	1,046.6	796.2
- Foreign exchange risk	270.0	270.0	225.0
- Equity risk	-	-	-
C Capital requirements for Operational risk	524.5	258.6	258.6
D Capital Adequacy Ratio of the Bank (%)	15.70%	13.50%	18.15%
E Tier 1 CRAR (%)	10.27%	8.81%	14.98%

04. General Disclosures

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

(Currency: Indian rupees in million)

A) General Disclosures for Credit Risk

Qualitative Disclosures

Credit Risk Management Policy

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

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

Supplementary policies to the main Credit Policy have also been laid out, for certain types of lending and credit-related operations. These relate to real-estate lending, NBFC lending, hedging of FX exposures,credit risk mitigation, sectoral and individual/ group borrower limits, bridge loans, bill discounting, etc.

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

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines. NPA's are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

Quantitative Disclosures

Credit Exposure

Particulars	31 Mar 09	30 Sep 08	31 Mar 08
Fund Based (advances)	27,423.5	27,913.5	23,684.5
Non Fund Based*	140,930.5	198,161.7	69,314.1

* The amount includes trade exposures and FX/derivative exposures.

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

Industry wise Exposures (Fund Based)

Industry	31 Mar 09	30 Sep 08	31 Mar 08
NBFC's	4,198.4	5,762.6	3,549.0
Textiles	2,512.2	2,408.3	1,913.3
Drugs and Pharmaceuticals	2,463.5	3,176.2	2,102.1
Petro-chemicals	1,746.7	3,300.6	2,634.0
Construction	1,017.3	790.7	746.5
Cement	1,000.0	196.9	-
Computer software	870.3	981.5	1,550.7
Trading	839.4	419.5	643.8
Metal and Metal Products	749.1	1,503.3	2,420.8
Automobiles	747.5	1,062.5	726.1
Food Processing	649.4	-	-
Engineering	559.4	65.8	32.9
Mining	416.9	-	-
Chemical, Dyes, Paints	400.0	467.9	214.9
Telecommunications	261.8	-	579.7

Basel II: Pillar 3 Disclosures
As at 31 March 2009

(Currency: Indian rupees in million)

Industry	31 Mar 09	30 Sep 08	31 Mar 08
Roads and Ports	245.2	1.5	-
Paper and Paper Products	125.3	23.2	24.1
Power	120.3	81.2	166.2
Sugar	57.0	887.4	882.6
Electricity	50.0	-	-
Vegetable Oils and Vanaspati	-	-	112.4
Other Industries & Residual Advances	8,393.8	6,784.5	5,385.4
Total Credit Exposure	**27,423.5**	**27,913.5**	**23,684.5**

Industry wise Exposures (Non - Fund Based)*

Industry	31 Mar 09	30 Sep 08	31 Mar 08
Banks	109,403.6	7,944.7	46,077.4
Petro-chemicals	2,800.2	3,158.3	1,510.3
Metal and Metal Products	2,589.5	5,488.2	4,399.9
Textiles	1,786.9	1,490.4	990.1
Drugs and Pharmaceuticals	1,763.6	1,427.9	1,076.7
Computer software	1,557.9	1,112.1	747.9
Construction	1,516.5	1,375.4	977.8
Mining	1,432.5	1,071.8	459.3
Petroleum	1,141.9	526.2	286.5
Telecommunications	879.5	174.7	113.6
Infrastructure	766.1	-	-
Paper and Paper Products	666.8	658.3	672.2
Chemical, Dyes, Paints	651.9	1,030.0	1,882.2
Vegetable Oils and Vanaspati	602.1	714.4	596.8
Roads and Ports	530.2	755.3	350.9
NBFC's	463.9	1,289.8	789.7
Automobiles	413.3	172.9	132.3
Engineering	320.6	25.0	63.7
Iron and Steel	283.5	265.4	94.0
Sugar	252.5	263.5	144.7
Cement	196.6	45.2	88.6
Electricity	122.3	40.7	-
Cotton Textiles	96.6	-	-
Food Processing	65.0	283.9	330.4
Power	24.5	72.8	-
Trading	17.5	176.3	11.9
Electronics	7.7	-	-
Fertiliser	-	-	3.7
Other Industries	10,577.3	168,598.4	7,513.6
Total	**140,930.5**	**198,161.7**	**69,314.1**

*The amount includes trade exposures and Foreign exchange and derivative exposures.

(Currency: Indian rupees in million)

Residual Maturity of Assets as at 31 March 2009

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Assets	Other Assets
1 day	7.8	63.3	2,318.1	-	1,283.5	-	77.3
2–7 days	-	869.0	-	7,776.2	3,202.9	-	162.7
8–14 Days	-	106.3	5,072.0	-	2,321.6	-	466.9
15–28 Days	-	448.8	-	299.4	2,917.7	-	3.3
29 Days–3 Months	-	336.2	5,700.0	5,671.1	7,185.7	-	732.1
3–6 Months	-	257.6	-	3,423.7	2,719.1	-	37.6
6 Months – 1 Year	-	212.3	-	41,563.3	3,133.7	-	456.6
1–3 Years	-	201.6	2.5	17,332.5	4,225.2	-	190.4
3–5Years	-	1.6	-	1,807.9	237.6	-	19.9
Over 5Years	-	755.8	-	232.5	1.5	293.5	1,517.7
Total	**7.8**	**3,252.5**	**13,092.6**	**78,106.6**	**27,228.5**	**293.5**	**3,664.5**

Residual Maturity of Assets as at 30 September 2008

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Assets	Other Assets
1 day	4.4	792.2	186.0	5,582.0	9,021.1	-	231.8
2–7 days	-	88.0	-	39.0	1,679.8	-	106.2
8–14 Days	-	314.8	-	1,051.5	972.7	-	94.0
15–28 Days	-	766.8	1,900.0	531.5	2,095.4	-	68.4
29 Days–3 Months	-	511.9	-	36.1	6,845.1	-	349.4
3–6 Months	-	531.0	14,182.0	5,740.8	1,660.0	-	362.7
6 Months – 1 Year	-	84.1	10,396.5	14,192.3	385.5	-	542.6
1–3 Years	-	399.5	2.5	1,226.5	4,856.0	-	229.2
3–5Years	-	664.8	-	271.1	270.9	-	25.2
Over 5Years	-	2.4	-	7,242.2	1.6	188.3	2,211.1
Total	**4.4**	**4,155.6**	**26,667.0**	**35,913.0**	**27,788.2**	**188.3**	**4,220.6**

(Currency: Indian rupees in thousands)

Residual Maturity of Assets as at 31 March 2008

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Assets	Other Assets
1 day	6.1	32.5	399.0	9,722.5	2,691.8	-	299.8
2–7 days	-	712.4	1,249.5	12,515.3	1,581.7	-	299.8
8–14 Days	-	160.0	-	582.6	826.4	-	299.8
15–28 Days	-	606.8	-	2,209.5	3,782.0	-	-
29 Days–3 Months	-	211.9	-	7,965.1	5,489.7	-	899.4
3–6 Months	-	152.9	-	8,017.6	1,730.0	-	-
6 Months – 1 Year	-	113.1	14,124.3	1,788.7	3,351.5	-	-
1–3 Years	-	103.8	2.5	694.5	3,399.6	-	-
3–5Years	-	0.3	-	270.8	209.1	-	-
Over 5Years	-	372.8	-	1,357.2	579.6	109.1	1,942.8
Total	**6.1**	**2,466.5**	**15,775.3**	**45,123.8**	**23,641.4**	**109.1**	**3,741.6**

(Currency: Indian rupees in million)

Classification of NPAs

Particulars	31 Mar 09	30 Sep 08	31 Mar 08
Amount of NPAs (Gross)	344.3	133.8	52.1
Substandard	196.6	133.8	52.1
Doubtful 1	147.7	-	-
Doubtful 2	-	-	-
Doubtful 3	-	-	-
Loss	-	-	-

Movement of NPAs and Provision for NPAs

Particulars	31 Mar 09	30 Sep 08	31 Mar 08
A Amount of NPAs (Gross)	344.3	133.8	52.1
B Net NPAs	149.3	16.8	10.9
C NPA Ratios			
- Gross NPAs to gross advances (%)	1.26%	0.48%	0.22%
- Net NPAs to net advances (%)	0.55%	0.06%	0.05%
D Movement of NPAs (Gross)			
- Opening balance as of the beginning of the financial year	52.1	52.1	-
- Additions	112.4	81.7	52.1
- Reductions	15.2	-	-
- Closing balance	1,49.3	133.8	52.1
E Movement of Provision for NPAs			
- Opening balance as of the beginning of the financial year	41.3	41.3	-
- Provision made during the year	153.7	75.7	41.3
- Write – offs / Write – back of excess provision		-	-
- Closing balance	195.0	117.0	41.3

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

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

Qualitative Disclosures

Currently based on our clientele, ratings of the following agencies have been used i.e. CARE, CRISIL, Fitch and ICRA for all exposures. The Bank assigns Long term credit ratings accorded by the chosen credit rating agencies for assets which have a contractual maturity of more than one year. However, in accordance with the guidelines of RBI the Bank classifies all cash credit exposures as long term exposures and accordingly the long term ratings accorded by the chosen credit rating agencies are assigned. Currently the Bank uses issuer ratings. In accordance with RBI guidelines, for risk-weighting purposes, short-term ratings are deemed to be issue-specific.

(Currency: Indian rupees in million)

Qualitative Disclosures

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

Particulars	31 Mar 09	30 Sep 08	31 Mar 08
< 100 % Risk Weight	11,576.2	4,730.8	7,854.7
100 % Risk Weight	15,847.3	12,113.1	13,078.5
> 100 % Risk Weight	-	11,069.6	2,751.3
Total	**27,423.5**	**27,913.5**	**23,684.5**

06. Disclosures for Credit Risk Mitigation on Standardised approach

Qualitative Disclosures

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

Quantitative Disclosures

Currently, the Bank only treats Cash and Fixed Deposits placed with the Bank as collateral with a Zero haircut.

07. Disclosure on Securitisation for Standardised approach

Not applicable as the Bank does not Securitise assets.8. Disclosure on Market Risk in Trading book

08. Disclosure on Market Risk in Trading book

Qualitative disclosures

Market Risk arises from changes in market rates such as interest rates, foreign exchange rates, equity prices and commodity prices, as well as their correlations and implied volatilities. The Group's trading and investment market risk appetite is determined by the Group Board of Directors, with detailed limit frameworks recommended by the appropriate risk committees. The principal market risk appetite measures are Value at Risk (VaR) and Stress Loss.

VaR estimates the potential loss on the current portfolio assuming a specified time horizon and level of confidence. DBS adopts a VaR methodology at a 99% one-tailed confidence level and a one day holding period to measure the Group's trading market risk. The trading book VaR methodology is based on the historical simulation approach. It takes into account pertinent risk factors and covers all financial instruments which expose the Group to market risk across all geographies.

On a daily basis, DBS computes VaR for each trading business unit and location, and at the Group level. The VaR forecasts are back-tested against the profit and loss of the trading book in line with the risk model validation policy.

To complement the VaR framework, regular stress testing is carried out using historical and hypothetical scenarios to monitor the Group's vulnerability to simultaneous shocks on observable market rates. Stress limits are also established accordingly.

The Group Market Risk Committee oversees DBS' Market Risk Management infrastructure, including framework, policies, processes, information, methodologies and systems. The Committee also sets market risk control limits and provides comprehensive and enterprise-wide oversight of all market risks and their management. In this regard, the Committee meets regularly to review and give direction on the level of market risk taken within DBS Group; its breakdown by desk, geography, risk type; trading profit and loss; stress testing results; and risk model back-testing performance.

At the business unit level, trading exposures are measured and controlled by more granular risk and loss limits such as risk sensitivity-based limits and management action triggers. All trading activities are subject to mark-to-market valuation to reflect the current market value of the trading portfolio and their profit and loss. Investments are subject to limits by market risk type as well as concentration limits.

(Currency: Indian rupees in million)

The Trading Market Risk Framework comprises the following elements:

- Types of market risk to be covered, and the risk metrics and methodologies to be used to capture such risks
- Policies and processes for managing market risks, as well as the roles and responsibilities of relevant functions for the processes
- Limits to ensure that risk-takers do not exceed aggregate risk and concentration parameters set by senior management and the Board
- Independent validation of valuation and risk models and methodologies
- Independent mark-to-market valuation, reconciliation of positions and tracking of loss triggers for trading positions on a timely basis.
- New product/service approval process whereby risk issues are identified before new products and services are launched

Quantitative Disclosures

Capital Requirement for Market Risk

Particulars	31 Mar 09	30 Sep 08	31 Mar 08
Interest rate risk	2,228.6	1,046.6	796.2
Foreign exchange risk (including gold)	270.0	270.0	225.0
Equity position risk	-	-	-

09. Operational Risk

Qualitative Disclosures

Overview

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

- "Defines" operational risk and the scope of its application;
- "Establishes" the dimensions of operational risk;
- "Provides" a framework for managing operational risk

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

There are three dimensions of operational risk:

- Risk cause
- Risk Event
- Risk Effect

Policy Framework

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

(Currency: Indian rupees in million)

The policy covers guidelines for:

- Management oversight
- People management
- Transaction initiation, execution and maintenance
- Financial accounting control
- Legal, regulatory and market practice compliance
- Software, Systems Development and Infrastructure Management
- Information Security
- Physical Security
- Business Continuity Management

Risk Mitigation Programs

Internal Controls

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

Insurance Program (IP)

The key objectives of the IP are to:

- Reduce financial loss of risk events via transfer of loss to external funding sources (insurers)
- Prepare the Bank to qualify for any potential reduction in Operational Risk Capital under Basel II

The IP provides cover for low-frequency high-impact loss incidents, while the low impact operational losses are managed through existing strong internal controls.

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

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

(Currency: Indian rupees in million)

Tools and Mechanisms

Control Self Assessment: The process of Control Self Assessment comprises:

assessment of the quality and effectiveness of underlying controls

assessment the level of compliance with relevant Core Operational Risk Standards and Minimum Acceptable Standards

Identification of control weakness / material risks and establishment of appropriate action plans to address the same.

Risk Event Management (REM) and reporting is for:

Fostering a consistent and robust risk event management and reporting culture

Building a risk event database that will be in line with Basel II requirements to progress towards a more sophisticated capital quantification approach for Operational Risk

Providing management with regular reports on Operational Risk exposures at a granular level

Key Risk Indicators (KRI) tracking and reporting:

Serve as pre-warning signals of the changes in the level of risks and the effectiveness of controls

Enabling prompt corrective action to be taken to prevent or reduce potential loss exposures through proper tracking and trend analysis of KRIs.

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

New business initiatives and changes are introduced in a controlled manner

Risks inherent in the new proposals are properly addressed

Appropriate due diligence is conducted prior to the commencement of new business

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

Qualitative Disclosures

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

Quantitative Disclosures

The Bank uses a PV based approach to measure the impact on economic value for upward and downward rate shocks. This measures the potential change in economic value of the Bank for a unit change in interest rates. The change in economic value due to a unit change in interest rates are :

Change in economic value due to a unit change in interest ratesINR Million	
31 March 2009	3.8
30 September 2008	2.6
31 March 2008	2.9

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

(Currency: Indian rupees in million)

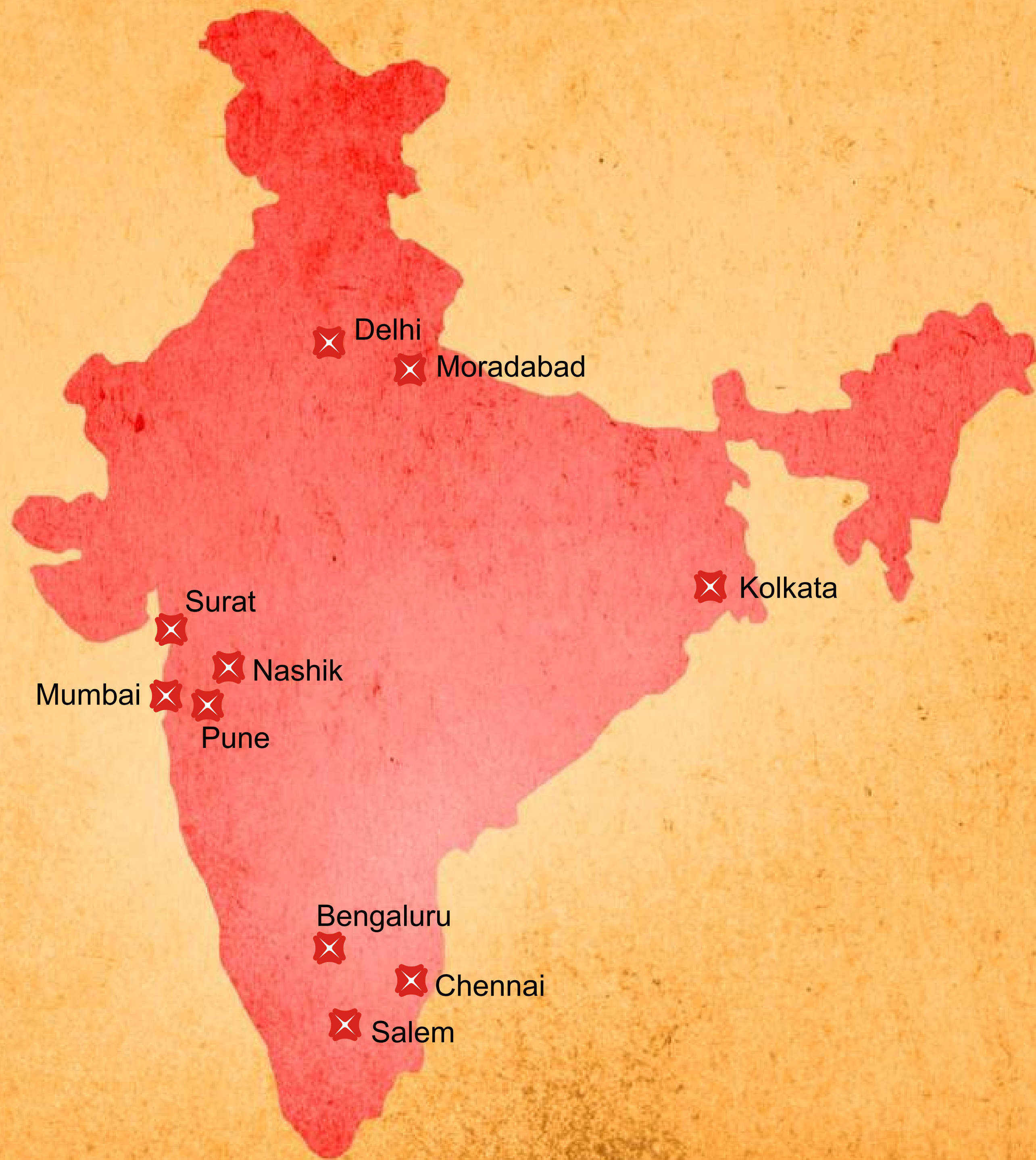
revenue impact of a 1% parallel shift (increase in interest rates) in the yield curve over a 1 year horizon and acts as a useful tool in the hands of the ALCO to monitor and assess the impact of Interest rate risk exposure of the Bank on its revenue.

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

EaR on the INR book (trading and banking)	INR Million
31 March 2009	(691.6)
26 September 2008	(265.9)
31 March 2008	(451.8)

Snapshots 2008 - 2009

DBS in India



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