Standard Chartered
Here for good

Leading the way in Asia, Africa and the Middle East

About us

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Standard Chartered Bank is India's largest international bank with 99 branches in 42 cities, a combined customer base of around 2 million retail customers and around 2500 corporate and institutional relationships. Key businesses comprise Consumer Banking, including deposits, loans, wealth management, private banking and SME banking; and Wholesale Banking, which includes cash transaction banking, treasury, corporate finance and custody services.

Consumer Banking

Consumer Banking serves India's increasingly sophisticated retail customers and clients. We also help entrepreneurs and small businesses with innovative solutions to address their unique needs. Through a customer centric approach, we aim to understand our customers' objectives and deliver the best banking experience.

Wholesale Banking

Wholesale Banking partners with India's fast globalising corporations as they expand their businesses in the domestic and international markets. With deep local knowledge, the capabilities and network of an international bank, with a focus on emerging markets, we are connecting clients across the world's most exciting markets, facilitating global trade and business.

Operational highlights in 2014

- Total Income at ₹131.24 billion - up 10 per cent
- Profit Before Tax at ₹24.33 billion - down 48 per cent
- Profit after Tax at ₹15.84 billion - down 46 per cent
- Advances at ₹684.22 billion - up 10 per cent

Cover: **Children from Sahara Aalhad, an NGO in Pune. The NGO works in the area of intervention for HIV & AIDS among over 800 children and runs a care home for people living with HIV & AIDS, especially those who have been turned away by hospitals or families. LwHIV Champions from Mumbai visit Sahara Aalhad on whichever weekend they can manage, to interact with the children with an intention of alleviating the discrimination they normally face. The children love this opportunity and look forward to such visits.**

Regional Chief Executive's Review

Sunil Kaushal
Regional Chief Executive Officer,
India & South Asia, Standard Chartered Bank

I am pleased to announce a resilient set of results for the India franchise, particularly on the back of a tough and unyielding economic climate. Our aspiration for growth, our commitment to our clients and our pursuit of excellence in terms of delivering a superior suite of products and services to our customers remains undiminished.

Standard Chartered in India has not only stayed on course for over 150 years but also thrived and evolved to emerge as the largest foreign bank in the country with a geographical footprint of 99 branches across 42 cities. India continues to be among the top three markets for the Bank, both in terms of income and profit and remains core to the Bank's priorities and strategic intent.

With two million retail, 11,000 commercial and 2,500 corporate and institutional relationships, we are on a strong pedestal to build on for the next stage of growth. While we strive to harness the strength of our network, we are also continuously building on our digital channels to become the 'Digital Main Bank' for our customers. This balance helps us broaden our product and service offerings and sharpen our engagement with customers.

However, we are mindful of the fact that pursuing growth cannot be at the cost of compromising on our values and culture and our brand promise Here for good. The Bank places significant emphasis on the Code of Conduct and ensures that staff adheres to it, both in letter and spirit.

As part of the working culture, the Bank is conscious of the well-being of its employees. We have reviewed the requirements and taken steps to ensure strict compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Bank received various awards and accolades last year, underpinning its steadfast commitment to bringing best-in-class banking services to its clients and customers. The Bank was awarded the UTI-CNBC Financial Advisor Award for 2014 as well as the Blue Dart CSR Excellence and Leadership Awards 2014: 'Concern for Health' for Seeing is Believing.

Financial Performance

In 2013-14, against the backdrop of economic slowdown, increasing competition and regulatory change, the Bank delivered another year of income growth, which was up 10%, on the back of double digit increase in both advances (up 10%) and deposits (up 16%). Operating profit before loan impairments (LI) was up by 8% YOY (~13% excluding the one-off impact of revaluation of premises). LI was higher, the bulk of which was due to the one-time impact of an increase in the provisioning rates for non-performing advances beyond the RBI prescribed minimum resulting in a reduction in profit. During the year, we continued our rigorous focus on the balance sheet, consolidating our capital and liquidity position, including an ₹11.1 billion equity injection from Standard Chartered Group to meet Basel III requirements and also to grow the franchise.

- Total Income at ₹131.24 billion - up 10 per cent
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- Advances at ₹684.22 billion - up 10 per cent

Our football team qualified for 'Road to Anfield'. Road to Anfield is a 5-a-side football tournament held at the Anfield ground, Liverpool FC's home ground.

Richard Meddings, Group Finance Director, Standard Chartered and Chairman at a Seeing is Believing Vision Centre

Sir SiB makes his India debut at the Standard Chartered Mumbai Marathon 2014

Consumer Banking

We are India's largest international bank with 99 branches in 42 cities, and we have been operating here since 1858. We use our deep local knowledge in India and our global capabilities to provide a wide-range of products and services to meet the needs of our individual and business customers. We build our products and services around our customers and have a number of commitments to help ensure that our customers have the best possible experience.

The high value segments are the main thrust of our strategy for India specifically given the fact that we have relatively small number of branches compared to competition and it makes eminent sense for us given our position in terms of our brand metrics that we are seen as a bank that offers value-added service to the high value segments which is the Private Bank, the SME Business, the Priority Business and to some extent even the Preferred Banking segment that acts as a feeder business to the High Value Segments (HVS). The HVS segments now contribute around 60 percent of our income, a big number and higher than the global average. What we have been able to achieve in 2013 is a very robust growth in SME, reasonable growth in the Private Bank and very good customer acquisition growth in the Priority and International Banking segments.

We have made very good progress within the Consumer Bank to be the “Digital Main Bank” for our customers. We adopted very innovative marketing techniques for the first time in India and from a process standpoint we expanded the “Approval in Principle” platform which was a unique platform launched for credit cards last year. Personal loans early this year and Mortgages to follow.

Our Private Bank in India was launched at a global launch simultaneously across key global markets in June 2007. Since then, the Private Bank, India income has grown at a CAGR 71%. The Private Bank currently has a client base of ~1400 families and over 4000 accounts and manages a total of USD 4.7 billion of asset under management (AUM). The Private Bank business has seen encouraging growth and is now amongst the top three Private Banks in India in terms of AUM, profitability and revenue.

With the recent acquisitions of American Express and Morgan Stanley, Private Bank is an amalgamation of talent, clients and culture.

The Private Bank India business has won seven coveted global awards in the last three years; including thrice in a row ‘Best Private Bank in India’ by Financial Times (Banker) and PWM, among others.

Wholesale Banking

Standard Chartered is a leading Wholesale Banking player in India. We partner with the most dynamic clients spanning large multinationals and mid-sized companies, even supporting small businesses in partnership with Consumer Banking. What differentiates Standard Chartered for our clients is our consistency and the depth of the relationships we are able to build with them. In fact, one of the most significant actions that Standard Chartered has taken over recent years is to consistently and overtly partner with clients through challenging economic times, extending credit when it was really needed. We believe this has been a prime force of our success.

Comprehensive customised solutions have made us a leading player with many prestigious transaction banking mandates won over the past years includes Goldman Sachs, L&T & Sojitz India, Multiscreen Media Limited, SAB Miller, Diageo Plc, Think Investments, Malaysian Airlines, etc.

Even in a challenging environment, Standard Chartered participated in several key deals like

1. Joint financial advisor to Diageo Plc on its acquisition of 25 per cent stake in United Spirits Limited. The acquisition represents the largest inbound acquisition ever in the FMCG / F&B space in India when the deal consummated
2. Transaction adviser on Ultratech’s acquisition of Jaypee Cement Corporation’s cements plants in Gujarat, where we advised both the acquirer and the seller. The acquisition represents the largest non-related party transaction in the cement space in India since 2006. The transaction highlighted the strength of our relationship with two of our largest clients and commitments towards our clients by facilitating them to achieve their objectives
3. The sole financial advisor to GDF Suez S.A. for acquisition of 74 per cent stake in Meenakshi Energy Private Limited (“MEPL”). The transaction represents the entry into India power sector of GDF Suez S.A., one of the world’s largest independent power producers and marked the return of foreign investors after a gap of more than a decade. The transaction was selected as M&A deal of the year 2013 in the Business World i-bank awards

Standard Chartered Bank continues to dominate the Syndicated Loan and Bond market space and Capital Markets was the top financer of debt capital for Indian borrowers amongst all foreign banks. We continue to be the best foreign bank in India evidenced by our top two league table position across Syndicated Loans and Bonds in both INR and FCY markets. We have maintained leadership position amidst a tough markets exhibited by the fact that our deal volumes have grown by 19 per cent in Syndicated Loans space where the market has contracted by 6 per cent. We continue to support our key clients across segments and executed highly successful trades for Reliance Industries Ltd, Shapoorji Pallonji Group, Tata Group companies including Tata Sons, DLF, Indian Oil Corp, Bharti Airtel, State Bank of India, EXIM Bank of India, ICICI Bank, Bank of Baroda and HDFC Bank amongst others during the year.

Standard Chartered Securities India (‘SCSI’) (a 100 per cent subsidiary of Standard Chartered Bank (Mauritius) Ltd), a Standard Chartered group entity has been active in equity capital market transactions during the period April 2013 to March 2014. Some of equity transactions are detailed below:

1. DLF Ltd - USD 342 million Institutional Placement Programme which is the largest Real estate company equity issuance in 4 years
2. Fortis Healthcare - USD 59 million Institutional Placement Programme which is a largest healthcare placement since July 2011
3. Adani Ports - USD 177 million Institutional Placement Programme which is a largest equity issuance by a port operator in India since 2007, SCSI was Joint Book Running Lead Manager to the issue
4. Cairn India – USD 92 million buyback programme, which is the second largest Indian buyback ever. We were engaged as both Manager and Broker

A volunteer from the Bank delivering the financial education curriculum to the students in Ramakrishna Paramhansa Municipal School, Mumbai

Our staff celebrated International Woman's Day painting the WASHE murals reinforcing messages of good hygiene habits and water conservation, along the schools passageway.

Perfect Match - Liverpool FC changed the logo on their shirts to help raise funds and awareness for Seeing is Believing. Our staff took turns attempting to score goal while being blindfolded.

Wholesale Banking has won many awards locally and globally.

1. Best Structured Trade Finance Solution in India for past four years, firmly reinforcing our credentials as the advisor of choice for India Inc, Best Treasury and Working Capital for NBFI and Best Service Provider for Cash Management in India by The Asset Asian Awards, 2014
2. Best Sub Custodian Bank in India by Global Finance, 2014
3. The Asset Triple A's Best High Yield Bond & APLMA's Syndicated Financial Institution Deal of the Year, in recognition of the market leadership position in Syndicated Loan and Bonds Market space Awards 2012.

Human Resources

Standard Chartered's success is built on its people and that defines our Employee Value Proposition.

Our people philosophy is based on 'strengths'. Our people are encouraged to decide how best they leverage their strengths to contribute to the Bank's growth and their own. Delivering this takes focussed efforts. A robust in-house talent acquisition process helps us identify people who can partner with us to deliver on our ambitions and which in turn offers them a fulfilling career with the Bank. We recruit premium talent from campuses or the industry, train them and provide them with challenging assignments across our global franchise.

And 'how' we work is just as important as 'what' we achieve. Our appraisal process includes a five-point values rating scale which emphasises how our staff live up to our brand promise of being 'Here for good'. Our reward practice ensures that we are competitive in the market, and that great performance is recognised and rewarded.

Creating an inclusive culture and celebrating diversity is important to us. Women comprise about 30 per cent of our workforce and we want to see that number grow, including in senior roles. We have a similar approach to differently-abled individuals and staff from financially challenged backgrounds.

Employee benefits set us apart, helping us retain talent. Facilities such as Work from Home, unlimited hospitalisation along with consultation and diagnostic expenses, child care, paid maternity leave, Sabbaticals and flexible and part time work arrangements are available to employees who want an extended time away to balance their professional aspirations and personal needs.

At Standard Chartered, we believe that employee engagement doesn't 'just happen'. It is about making each individual matter so that they feel good about what they are doing and commit intellectual and emotional discretionary effort to achieve the Bank's goals by living our brand and values. We are proud to have built highly engaged teams by making the best of opportunities to strengthen our commitment to our employees.

India is the Standard Chartered Group's largest employer globally with around 18,500 people from 15 different nationalities. We are also a key talent pipeline pool for the Standard Chartered Bank Group.

Brand

Over the last three years the Here for good campaign was reinforced with sharpened business focus and proof points.

In India, our brand building efforts hinge primarily on sponsorship of sports – Marathon, LFC, cricket. Golf and corporate excellence – and two bursts of theme campaigns. Given this communication strategy, through the year, our brand scores have been healthy across key parameters. The Standard Chartered Mumbai Marathon (SCMM), of which we have been exclusive and main sponsors since its inception in 2004, continues to be our marquee event and the largest contributor to our brand metrics in Mumbai. Our anchor sponsorship of the Liverpool Football Club continues with a select, but strong set of supporters in India. We continue to engage with our clients and customers through local on the ground events that further reinforce our association

Our focus on the digital world and specifically the social media platform has been a well thought of strategy. Our investments in the digital arena have gone up manifold and very strong return models to ensure that the medium is fully leveraged. We have showcased all our brand and sponsorships platforms on the Bank's Facebook page and have successfully delivered on the KPIs that we had set.

Sustainability

Banks play an essential and immensely valuable role in society, fuelling economic activity and enabling people, businesses and communities to thrive. At Standard Chartered, we are very clear about our purpose. Our brand promise, Here for good, captures our commitment to be a force for good in the communities in which we live and work.

2013 was a challenging year in many respects. Volatile financial markets, slowdown in corporate investment and the impact on unemployment coupled with high inflation has resulted in growing inequality between rich and poor. Banks are being expected to carry higher levels of capital and liquidity and significantly reinforce their risk management and governance.

Governments, regulators and communities are demanding that banks raise their standards and focus more on what they can contribute to the broader economy and society. For us, running our business in a sustainable way means making sure that our banking services promote sustainable economic and social development in the communities in which we work. We seek to embed this mindset in every aspect of our business activity, from strategy to operational process, across all the different products and markets. In doing this, we focus on three key aspects of sustainability: contributing to sustainable economic growth, being a responsible company and investing in communities.

Contributing to sustainable economic growth is about using our core capabilities as a Bank to support our clients and customers in generating economic activity and jobs. By facilitating investment, lending and trade, we help markets grow and clients and customers generate wealth; over the past five years we have

LwHIV Champions in Mumbai have adopted Sahara Aalhad an NGO, which supports HIV infected children. On one of their visits, they organised games for the children.

Dominic White, Regional Head-HR India & SA, Ananth Narayan, Co-head of Wholesale Banking and Head Global Markets, SA and Ian Bryden, Chief Risk Officer, India. The inauguration concluded with the painting of the mobile boat vision centre, unique to this project.

Goal girls at Crescenzo, Mumbai. Goal is our leading education programme that empowers and equips adolescent girls with the confidence, knowledge and skills they need to be integral economic leaders in their families, communities and societies.

increased lending to clients and customers by nearly 33 per cent to USD 11.82 billion.

We are conscious that the way in which we work with our stakeholders and deploy our capital can have a far-reaching social and economic impact. Our sustainable finance framework includes 20 Position Statements, which describe our approach to more difficult or contentious sectors. We use these Position Statements, which we updated in 2013, as a practical tool to what lending or other services we should provide to certain clients and customers. We provided USD 124 million to the renewable and clean technology sector in 2013-2014. Whilst our preference is to engage positively with our clients, using our involvement with them to promote best practices in environment and social standards, we have and will continue to turn down transactions where we remain uncomfortable with the potential consequences of risk.

Being a responsible company, our second sustainability priority, is about making sure we run our business in a way that delivers long-term value for our shareholders and society. Our culture and values emphasise responsibility and collaboration. In 2013, we refreshed our Group Code of Conduct ('the Code'), which sets out the standards we expect of all employees; and 99 per cent of staff completed training on the Code.

Investing in communities, our third sustainability priority captures our commitment to work with local communities to promote sustainable development. We focus our community investment on education, water and health programmes that encourage economic inclusion.

Seeing is Believing – our programme dedicated to tackling avoidable blindness – celebrated its 10th anniversary and raised more than USD 500, 000 with dollar to dollar matching during the year. Since 2003, the programme has impacted more than 7.1 million people in India. WASHE – our programme that aims to provide easy access to safe water and improved toilet facilities – present across eight schools in Mumbai and Delhi has impacted close to 30,000 girls and reached 1.1 million families.

Goal – our education programme combining sports with life skills, financial education and work force development to empower adolescent girls – reached nearly 8,500 girls in 2013.

External feedback helps us shape our sustainability agenda. We are delighted in 2013 to be included in the Dow Jones Sustainability Index (DJSI) for the fourth consecutive year. We continued to support the United Nations Global Compact and its ten principles on human rights, labour standards, the environment and anti-corruption. Our work in the communities received recognition - an appreciation plaque from FICCI for our Seeing is Believing programme and from Blue Dart CSR Excellence and Leadership Awards for the best in 'Concern for Health'.

Our strategy is to bank the people and companies driving investment, trade and the creation of wealth across our geographies. We are committed to supporting our clients and customers, creating value for our shareholders and making a broader social and economic contribution to the country. We are committed to being Here for good: committed for the long run, committed to helping the people achieve their aspirations and committed to playing our role in supporting sustainable and inclusive economic progress.

Employee Volunteering

We support our local communities by volunteering our time and seek to maximise our impact by encouraging skills based volunteering. All of our employees are entitled to take up to three days paid leave per year for volunteering.

Globally, since 2011, we have conducted an annual survey though True Impact, an independent organisation, to measure staff engagement and business impact. In 2013, 96 per cent of the employees surveyed indicated that volunteering is a positive contributor to their job satisfaction.

In 2013, India contributed more than 16,205 employee volunteering days, exceeding our target of 15,253 days, and an increase of 21 per cent from 2012. Globally, 90,300 employee volunteering days were achieved, reflecting an increase of five per cent from 2012.

Environment

Globally, we seek to minimise the environmental impact of our operations and have targets in place to reduce the rate of our energy, water and paper consumption. Our environmental reporting covers all properties over 10,000 square feet in floor area, which represents 72 per cent of our total global footprint. PricewaterhouseCoopers (PwC) provides third-party assurance of our Scope 1 and 2 Greenhouse Gas emissions to ensure the credibility of our data. As at the end of 2013, globally, 10 per cent of our property footprint was certified to Leadership in Energy and Environmental Design (LEED) rating or an equivalent green building rating scheme. In 2013, our 23/25 MG Road office building in Mumbai achieved a gold LEED rating for commercial interiors.

Energy

We reduced our energy consumption by 10.6 per cent since 2012. We continue to contribute to the global aim of reducing our energy use intensity by 35 per cent in tropical locations and 20 per cent in temperate locations between 2009 and 2019.

We have established a power purchase agreement to use biomass-generated electricity at SCOPE, our global shared service centre and Rajaji Salai in Chennai, India. This allowed us to reduce our dependency on diesel generators by 76 per cent and achieve an annual savings in diesel costs equivalent to USD 384,000.

Paper

In India, as of December 2013, the real e-statement penetration increased to 65 per cent from 62 per cent with approximately 1.15 million e-statements sent to customers, per month. This saved 39.51 million sheets of A4 paper and 4,741 trees.

Water

In India, water saved from 2009 to 2013 measures up to 17ml which can fill seven Olympic-sized swimming pools. The water use intensity increased by five per cent from 2012. We continue to reduce water demand across our portfolio through the installation of low-flow terminal fittings, push taps, and other water efficiency devices.

As a part of the Employee Volunteering initiative, our staff in Pune undertook a tobacco prevention and control awareness

WASHE student accessing the sanitary napkin dispensing machine at a Municipal school in Mumbai. This is a WASHE initiative

Children from NGOs perform a skit on the rising onion prices as part of the NGO Talent Show in our office premises

Recycling

In India in 2013, we distributed almost 29,858 kgs of IT equipment through our asset disposal initiative, where vendors purchase the units we recycle.

Travel

We managed our need to travel through implementation of a robust travel policy and optimising the use of video conferencing instead of travelling where possible. In India, presently, we have 55 video conferencing rooms.

We reduced business related air travel carbon emissions by seven per cent from 488.49 tonnes of carbon dioxide (CO_2) in 2012 to 453.45 tonnes of CO_2 in 2013, in India.

We continue to support the 'Green your flights' initiative by imposing a carbon fee per air travel ticket. With the proceeds from the fee, we plant trees. Since the programme's inception in 2009, our employees have volunteered time and planted 15,191 trees in India, offsetting 12,152 tonnes of CO_2, as each tree absorbs 0.8 tonnes of CO_2 across its full lifespan.

Suppliers

In India, we support businesses across our footprint through our network of more than 5,700 suppliers. In 2013, we have spent over USD 256.9 million in products and services obtained by our Corporate Real Estate Services, Technology and Corporate Services suppliers. We are committed to conducting our dealings with suppliers to the highest standards of quality and integrity. Our Supplier Charter, sets out a number of principles for the behavioural standard that Standard Chartered expects from all its suppliers, and those within a supplier's sphere of influence that assists them in performing their obligations to us. The Supplier Charter has been shared with 4,961 suppliers.

Diversity and Inclusion

We continue to promote inclusion across our footprint. In India, we have employee networks covering the topics of women, parents and careers, and future leaders. We have supported the hiring of people with disabilities. In India, we employ 120 people with disability and support their personal and professional development through various platforms.

Talking ATMs

Currently, we have 36 talking ATMs which are equipped with a Braille friendly key pad. The number '5' has an indent which identifies the concerned digit '5' and is the centre of the numerical key pad. The other digits of the key pad are arranged around the number '5' which aids in navigation for the visually impaired customer. This is a standard feature followed by ATM manufacturers, worldwide.

With talking ATMs, as soon as the headphone is inserted in the audio jack provision of the ATM, a voice instruction guides customers to operate the ATM key pad. The talking ATM flow also has the option to blank out the screen to protect the privacy of the customer. The entire ATM transaction flow is controlled by the customer through the ATM key pad with active voice guidance. A minimum of one-third of all future ATMs deployed by the Bank will be talking ATMs.

Technology

Technology is integral to the successful provision of high-quality services to our clients. Technology activities are centred around two core areas; infrastructure and banking systems. Infrastructure services provide the critical backbone that we run our services on. These include the networks, data centres, desktop services, email, information security and monitoring. The Bank runs highly modern and efficient infrastructure and continues to invest to ensure it meets the needs of a growing but risk averse business. Stability and capacity are obviously critical, and we have an impressive and improving performance record on these. And all DR and Business Continuity Plan arrangements are reviewed and tested annually at a minimum.

The banking systems aspect caters for the applications and surrounding processes that service and generates value for our clients. Clients are at the centre of everything that we do. We provide transaction processing capability that underpins an impressive product set, and we run a variety of channels that support the ways our clients demand to interact with us in respect of those products.

For both our infrastructure and banking systems, we have a clear strategy of implementing straight-through-processing, and intelligent digitisation of client facing and operational processes. This ensures an improving client experience and a reduced position of risk for both the client and the Bank. Key client facing channels include iBanking, S2B (Straight to Bank), InfoManager and Breeze - our premium mobile banking platform.

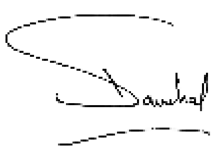
Controls and governance of technology systems and processes have been tested by regular audits and established to be robust.

Outlook

Despite the recent economic hurdles that we have faced, the Indian economy offers ample scope for growth given its strong demographics, skilled work force and growing domestic demand. The clear mandate that the new government obtained has resulted in an uptick in investor sentiment. We are hopeful this will provide both the steer and momentum to usher in the next cycle of growth. However, we need to stay watchful of challenges - ranging from inflationary pressures to implementation issues.

We remain confident of India's long term potential and continue to invest in people, technology, infrastructure and in product and service innovations. Deepening our relationships with clients and customers, we intend to continue building out a robust and sustainable franchise in India.

I would like to take this opportunity to thank all our employees for their commitment and enterprise in delivering a resilient set of results in what has been a challenging economic environment.



Sunil Kaushal
Regional Chief Executive Officer, India & South Asia,
Standard Chartered Bank


It does
not
TOGETHER FOR

India Management Committee

Sunil Kaushal

Regional Chief Executive Officer, India & South Asia

Sunil Kaushal joined Standard Chartered in 1998. Prior to India, Sunil was President and Chief Executive Officer for Standard Chartered Bank (Taiwan) Limited. As CEO for India and South Asia, his role is to provide leadership for the Group in India through developing overall country strategy and direction, balancing corporate governance, people and talent management, customers and franchise, and performance. Sunil has over twenty years of experience across Wholesale and Consumer Banking.

Venkataramanan Anantharaman

MD, Client Coverage and Regional Co-Head, Wholesale Banking, South Asia

Ananth is responsible for managing relationships with the Bank's corporate and institutional clients. This involves closely engaging with clients and developing cutting edge solutions for them leveraging the Bank's network and balance sheet. As Co-Head of Wholesale Banking, he is jointly responsible for strategy, business development and people of the Wholesale Bank.

Ananth Narayan

Co-Head of Wholesale Banking and Head Global Markets, South Asia

Ananth oversees the Financial Markets business and also has governance responsibility for Corporate Advisory, Project Finance, Structured Trade Finance and the Alternative Investment Group. As Co-Head of Wholesale Banking he shares responsibility for strategy, business development and people

Anurag Adlakha

Chief Financial Officer, India and South Asia

Anurag joined the bank in 2007 and is responsible for the regional Finance function. His key responsibilities cover finance reporting and control, business performance analysis, balance sheet management, financial compliance and tax.

Ravi Duvvuru

Regional Head - Legal & Compliance, India & South Asia

Ravi joined the bank in March 2010 and is responsible for overseeing all matters pertaining to the regulatory framework in which the bank operates as well as independently assessing all operational controls in the bank. Ravi brings with him rich experience in numerous areas such as banking supervision and the administration of the Foreign Exchange Regulation Act.

James Berry

Chief Information Officer, India & South Asia

James has been with Standard Chartered for 15 years. He is an accountant by trade, and has previously worked in Australia and the United Kingdom in a variety of Finance and Operational roles in manufacturing and technology. Since joining the Bank, he has undertaken Finance, Operational and Consumer Banking positions, working in London, Hong Kong, Singapore, and now India as the CIO for India and South Asia.

Ian Bryden

Chief Risk Officer, India

Ian Bryden is the Country Chief Risk Officer, India. He is responsible for risk governance across all of Standard Chartered's businesses in the country. Ian has been with Standard Chartered since 1995. Initially in various Corporate Banking roles in London. He was appointed Regional Credit Officer, UK & Europe in 2002 and then Regional Credit Officer, Africa in 2004. From 2009 to 2011, he was based in Hong kong as the Chief Credit Officer, Hong kong and Japan before moving to Mumbai to be the Regional Credit Officer for South Asia between 2011 and 2012.

Dominic White

Regional Head - Human Resources, India & SA

Dominic joined Standard Chartered Bank in April 2004 to lead HR for group Technology and Operations and since that time has held roles in HR supporting the Finance, Risk, Consumer Banking and Strategy areas. He was appointed to the South Asia role in April 2013. He has over 18 years of experience across Human Resources and General Management. Additionally he has significant experience in organization design, talent management and organizational culture.

Sushen Jhingan

Resident Director, Public Affairs

Sushen drives and maintains the Bank's relationships with the government to support the India Business by positioning the Bank and its key initiatives at appropriate levels in the government and influencing relevant national policies. He also identifies, develops and manages access to key trade bodies and delegations to shape future strategy.

Sumeet Singla

Regional Head, Corporate Affairs, India & South Asia

Sumeet is responsible for managing Standard Chartered's brand and reputation in India and South Asia. As part of the portfolio, Sumeet has responsibility for corporate brand campaigns, key sponsorships, internal and external communications, sustainability and community investments.

Balance Sheet
as at 31 March 2014

	Schedule	**As at 31 March 2014 (₹ in 000s)**	As at 31 March 2013 (₹ in 000s)
Capital and Liabilities			
Capital	1	**38,357,992**	27,257,992
Reserves and Surplus	2	**157,100,902**	164,273,043
Deposits	3	**721,115,261**	621,487,051
Borrowings	4	**114,870,083**	179,952,266
Other Liabilities and Provisions	5	**278,565,400**	204,609,334
Total Capital and Liabilities		**1,310,009,638**	1,197,579,686
Assets			
Cash and Balances with Reserve Bank of India	6	**39,982,532**	31,400,947
Balances with Banks and Money at Call and Short Notice	7	**33,937,083**	23,737,895
Investments	8	**283,875,648**	307,471,112
Advances	9	**684,227,426**	619,542,901
Fixed Assets	10	**18,324,929**	24,494,439
Other Assets	11	**249,662,020**	190,932,392
Total Assets		**1,310,009,638**	1,197,579,686
Contingent Liabilities	12	**12,284,923,351**	12,014,900,080
Bills for Collection		**252,967,889**	883,328,407

Significant accounting policies and notes to financial statements 18

The accompanying schedules form an integral part of the Balance Sheet.

As per our report of even date

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

For Standard Chartered Bank - India Branches

Manoj Kumar Vijai
Partner
Membership No. 046882

Sunil Kaushal
Regional Chief Executive Officer - India and South Asia

Mumbai
29 May 2014

Anurag Adlakha
Chief Financial Officer - India and South Asia

Profit and Loss Account
for the year ended 31 March 2014

	Schedule	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Income			
Interest Earned	13	**99,790,881**	90,834,941
Other Income	14	**31,454,003**	28,072,206
Total Income		**131,244,884**	118,907,147
Expenditure			
Interest Expended	15	**45,925,233**	40,692,017
Operating Expenses	16	**32,050,639**	29,040,912
Provisions and Contingencies	17	**37,427,882**	19,572,004
Total Expenditure		**115,403,754**	89,304,933
Net Profit		**15,841,130**	29,602,214
Profit brought forward		**21,936,636**	12,113,219
Profit available for appropriation		**37,777,766**	41,715,433
Appropriations			
Transfer to Statutory Reserve	2	**3,960,283**	7,400,554
Transfer to Capital Reserve- Surplus on sale of immovable properties	2	**450,586**	–
Transfer to / (from) Investment Reserve	2	**(561,525)**	265,024
Transfer to Head Office Account		**21,936,636**	–
Remittable Surplus retained in India for CRAR	2	**561,525**	12,113,219
Balance carried over to Balance Sheet	2	**11,430,261**	21,936,636
Total		**37,777,766**	41,715,433

Significant accounting policies and notes to financial statements 18

The accompanying schedules form an integral part of the Profit & Loss Account.

As per our report of even date

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

For Standard Chartered Bank - India Branches

Manoj Kumar Vijai
Partner
Membership No. 046882

Sunil Kaushal
Regional Chief Executive Officer - India and South Asia

Mumbai
29 May 2014

Anurag Adlakha
Chief Financial Officer - India and South Asia

Schedules to the financial statements
for the year ended 31 March 2014

1. Capital

		As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
	Deposit kept with Reserve Bank of India under Section 11(2)(b) of the Banking Regulation Act, 1949	**51,150,000**	43,850,000
a.	**Head office reserves**		
	Balance, beginning of the year	**21,960**	21,960
	Balance, end of the year	**21,960**	21,960
b.	**Head Office Capital**		
	Balance, beginning of the year	**27,236,032**	6,736,032
	Additions during the year	**11,100,000**	20,500,000
	Balance, end of the year	**38,336,032**	27,236,032
	Total capital	**38,357,992**	27,257,992

2. Reserves and Surplus

		As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
a.	**Statutory Reserves**		
	Balance, beginning of the year	**53,697,536**	46,296,982
	Transfer from Profit and Loss Account	**3,960,283**	7,400,554
	Balance, end of the year	**57,657,819**	53,697,536
b.	**Property Revaluation Reserve**		
	Balance, beginning of the year	**10,114,303**	10,646,648
	Additions during the year	**324,078**	–
	Reduction during the year	**(1,400,713)**	–
	Transfer to Capital Reserves - Surplus on sale of immovable properties	**(2,798,875)**	(532,345)
	Balance, end of the year	**6,238,793**	10,114,303
c.	**Capital Reserves-Surplus on sale of immovable properties**		
	Balance, beginning of the year	**5,983,430**	5,451,085
	Additions during the year	**450,586**	-
	Transfer from Property Revaluation Reserve	**2,798,875**	532,345
	Balance, end of the year	**9,232,891**	5,983,430
d.	**Capital Reserves-Surplus on sale of Held To Maturity investments**		
	Balance, beginning of the year	**984,772**	984,772
	Balance, end of the year	**984,772**	984,772
e.	**Capital Reserve**		
	Balance, beginning of the year	**302,387**	302,387
	Balance, end of the year	**302,387**	302,387
f.	**Remittable Surplus retained in India for Capital to Risk-weighted Assets Ratio (CRAR)**		
	Balance, beginning of the year	**69,713,074**	57,599,855
	Transfer from Profit and Loss Account	**561,525**	12,113,219
	Balance, end of the year	**70,274,599**	69,713,074
g.	**Balance in Profit and Loss Account**	**11,430,261**	21,936,636

Schedules to the financial statements
for the year ended 31 March 2014 continued

2. Reserves and Surplus (continued)

		As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
h.	**Exchange Reserve**		
	Balance, beginning of the year	**1,229**	1,229
	Balance, end of the year	**1,229**	1,229
I.	**Property Investment Reserve**		
	Balance, beginning of the year	**206,923**	206,923
	Balance, end of the year	**206,923**	206,923
j.	**Investment Reserve**		
	Balance, beginning of the year	**1,332,753**	1,067,729
	Transfer to Profit and Loss Account	**(561,525)**	265,024
	Balance, end of the year	**771,228**	1,332,753
	Total reserves and surplus	**157,100,902**	164,273,043

3. Deposits

			As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
A	I	Demand deposits		
		from banks	**12,847,521**	12,619,248
		from others	**141,561,319**	131,015,358
		Total demand deposits	**154,408,840**	143,634,606
	II	Savings bank deposits	**99,200,488**	94,778,542
		Total savings bank deposits	**99,200,488**	94,778,542
	III	Term deposits		
		from banks	**17,979,652**	16,449,072
		from others	**449,526,281**	366,624,831
		Total term deposits	**467,505,933**	383,073,903
	Total deposits		**721,115,261**	621,487,051
B	I	Deposits of branches in India	**721,115,261**	621,487,051
	II	Deposits of branches outside India	**–**	–
	Total deposits		**721,115,261**	621,487,051

4. Borrowings

			As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
I		**Borrowings in India from**		
	(i)	Reserve Bank of India	**57,270,000**	50,050,000
	(ii)	Other banks	**–**	–
	(iii)	Other institutions and agencies	**8,991,500**	64,112,602
II		**Borrowings outside India**		
	(i)	Subordinated Debt [Refer Note 18 E (1) (ii)]	**29,957,500**	27,142,500
	(ii)	Others	**18,651,083**	38,647,164
Total borrowings			**114,870,083**	179,952,266
Secured Borrowings included in I and II above			**65,311,500**	106,612,602

Schedules to the financial statements
for the year ended 31 March 2014 continued

5. Other Liabilities and Provisions

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Bills payable	**7,114,177**	9,177,234
Inter Office Adjustment (net)	**–**	–
Interest accrued	**4,902,477**	5,120,992
Mark-to-market adjustments on Foreign Exchange and Derivative contracts	**211,433,910**	140,547,977
Provision against Standard Assets	**4,497,175**	4,427,175
Others	**50,617,661**	45,335,956
Total other liabilities and provisions	**278,565,400**	204,609,334

6. Cash and Balances with the Reserve Bank of India

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
(i) Cash in hand (including foreign currency notes)	**2,041,582**	2,600,024
(ii) Balance with Reserve Bank of India		
(a) In Current Accounts	**37,940,950**	28,800,923
(b) In Other Accounts	**–**	–
Total cash and balances with the Reserve Bank of India	**39,982,532**	31,400,947

7. Balances with Banks and Money at Call and Short notice

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
In India		
(i) Balances with Banks		
(a) In current accounts	**2,986,691**	3,340,208
(b) In other deposit accounts	**336,000**	614,200
(ii) Money at call and short notice		
(a) with banks	**–**	–
(b) with other institutions	**4,000,000**	–
Total (i and ii)	**7,322,691**	3,954,408
Outside India		
(i) In current accounts	**7,645,042**	3,992,837
(ii) In other deposit accounts	**18,969,350**	15,790,650
(iii) Money at call and short notice	**–**	–
Total (i, ii and iii)	**26,614,392**	19,783,487
Total balances with banks and money at call and short notice	**33,937,083**	23,737,895

Schedules to the financial statements
for the year ended 31 March 2014 continued

8. Investments

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
In India		
Government securities	**235,962,042**	251,012,887
Other approved securities	**–**	–
Shares	**392,168**	347,451
Debentures and bonds	**14,292,572**	4,624,841
Subsidiaries	**–**	100
Others (including Certificates of Deposits, Commercial Papers and Pass Through Certificates)	**33,228,866**	51,485,833
	283,875,648	307,471,112
Outside India		
Government securities (including local authorities)	**–**	–
Subsidiaries and / or joint ventures abroad	**–**	–
Other Investments	**–**	–
Total investments	**283,875,648**	307,471,112

9. Advances

				As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
a.	Bills purchased and discounted			**53,668,967**	53,068,033
	Cash credits, overdrafts and loans repayable on demand			**299,657,291**	300,023,491
	Term loans			**330,901,168**	266,451,377
	Total			**684,227,426**	619,542,901
b.	Secured by tangible assets (includes advances secured against book debts)			**392,588,756**	379,915,769
	Covered by bank / government guarantees			**40,820,690**	21,702,586
	Unsecured			**250,817,980**	217,924,546
	Total			**684,227,426**	619,542,901
c	(i)	Advances in India			
		Priority sector		**206,375,205**	177,440,543
		Public sector		**21,286**	173,904
		Banks		**2,350,000**	78,940
		Others		**475,480,935**	441,849,514
		Total		**684,227,426**	619,542,901
c.	(ii)	Advances Outside India			
		Due from Banks		**–**	–
		Due from Others		**–**	–
		(a)	Bills purchased and discounted	**–**	–
		(b)	Syndicated loans	**–**	–
		(c)	Others	**–**	–
		Total		**–**	–
	Total advances			**684,227,426**	619,542,901

Schedules to the financial statements
for the year ended 31 March 2014 continued

10. Fixed Assets

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Premises		
Balance, beginning of the year	**23,569,267**	23,685,555
Additions during the year *	**20,854**	418,531
Additions on account of revaluation during the year	**330,531**	–
Deduction on account of revaluation during the year	**(3,610,317)**	–
Deductions during the year (at cost)	**(2,874,961)**	(534,819)
	17,435,374	23,569,267
Less: Depreciation to date	**(795,869)**	(631,090)
Net book value of Premises	**16,639,505**	22,938,177
Other fixed assets (including furniture and fixtures)		
Balance, beginning of the year	**4,915,116**	4,645,460
Additions during the year	**636,625**	441,918
Deduction on account of revaluation during the year	**(4,440)**	–
Deductions during the year (at cost)	**(149,310)**	(172,262)
	5,397,991	4,915,116
Less: Depreciation to date	**(4,063,302)**	(3,405,837)
Net book value of other fixed assets	**1,334,689**	1,509,279
Intangible (Capitalised Software)		
Balance, beginning of the year	**197,871**	197,871
Additions during the year	**–**	–
Deductions during the year at cost	**–**	–
	197,871	197,871
Less: Depreciation to date	**(193,717)**	(188,541)
Net book value of Capitalised Software	**4,154**	9,330
Intangible assets / Goodwill		
Balance, beginning of the year	**–**	–
Additions during the year	**31,821**	–
Deductions during the year at cost	**–**	–
Less: Amortisation to date	**(1,061)**	–
Net book value of intangible assets / Goodwill	**30,760**	–
Work In Progress	**315,821**	37,653
Total net book value of fixed assets	**18,324,929**	24,494,439

* includes capitalisation of borrowing cost NIL (2012-13: ₹ 2,640 (in 000s))

11. Other Assets

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Inter-office adjustment (net)	**–**	–
Interest accrued	**6,365,200**	6,849,851
Tax paid in advance / TDS (net of provision for tax)	**2,795,774**	3,742,377
Deferred Tax asset [Refer Note 18 E (7)]	**24,388,131**	13,584,900
Stationery and stamps	**1,007**	798
Mark-to-market adjustments on Foreign exchange and Derivative contracts	**191,279,895**	135,232,793
Non-banking assets acquired in satisfaction of claims	**–**	–
Others	**24,832,013**	31,521,673
Total other assets	**249,662,020**	190,932,392

Schedules to the financial statements
for the year ended 31 March 2014 continued

12. Contingent Liabilities

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Claims against the Bank not acknowledged as debts	**7,417,889**	6,364,904
Liability for partly paid investments	**–**	–
Liability on account of outstanding foreign exchange contracts	**4,724,276,257**	4,666,558,239
Liability on account of derivative contracts	**7,112,570,533**	6,930,672,272
Guarantees given on behalf of constituents		
– in India	**148,850,909**	127,561,609
– outside India	**55,542,575**	48,487,999
Acceptances, endorsements and other obligations	**231,289,573**	226,718,193
Other items for which the Bank is contingently liable	**4,975,615**	8,536,864
Total contingent liabilities	**12,284,923,351**	12,014,900,080

13. Interest Earned

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Interest / discount on advances / bills	**75,467,290**	66,877,107
Income on investments	**23,728,127**	23,417,216
Interest on balances with Reserve Bank of India and other inter-bank funds	**274,573**	257,530
Others	**320,891**	283,088
Total interest earned	**99,790,881**	90,834,941

14. Other Income

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Commission, exchange and brokerage	**20,070,138**	19,936,928
Net profit / (loss) on sale of investments	**283,115**	1,217,601
Profit / (loss) on revaluation of investments	**(1,319,528)**	609,504
Net profit on sale of premises and other assets	**1,148,891**	133,428
Net profit on exchange transactions	**6,367,059**	4,980,523
Income by way of dividends, etc from subsidiary companies	**–**	–
Miscellaneous income (including derivatives and long term Fx contracts)	**4,904,328**	1,194,222
Total other income	**31,454,003**	28,072,206

15. Interest Expended

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Interest on deposits	**32,561,317**	32,234,543
Interest on Reserve Bank of India and inter-bank borrowings	**3,291,971**	2,213,719
Others	**10,071,945**	6,243,755
Total interest expended	**45,925,233**	40,692,017

Schedules to the financial statements
for the year ended 31 March 2014 continued

16. Operating Expenses

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Payments to and provisions for employees	**13,041,873**	12,898,752
Rent, taxes and lighting	**1,272,782**	1,135,272
Printing and stationery	**323,778**	323,741
Advertisement and publicity	**3,622,255**	4,116,473
Depreciation on Bank's property	**995,129**	1,045,460
Auditors' fees and expense	**7,300**	7,850
Legal and professional charges	**407,655**	529,479
Postage, telegrams, telephones, etc.	**795,427**	774,103
Repairs and maintenance	**978,260**	910,122
Insurance	**638,153**	628,621
Travelling	**460,140**	424,437
Business support cost	**5,298,661**	4,508,107
Other expenditure	**4,209,226**	1,738,495
Total operating expenses	**32,050,639**	29,040,912

17. Provisions and Contigencies

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Specific provisions against advances (net)	**27,993,948**	2,138,491
General provision against standard assets	**70,000**	–
Provision for country risk exposure	**39,181**	15,149
Charge / (release) against Investments	**826,668**	355,900
Provision on account of tax		
– Current tax expense [Refer note 18 E (8)]	**19,301,316**	17,112,000
– Deferred tax credit [Refer note 18 E (7)]	**(10,803,231)**	(49,536)
Total provisions and contingencies	**37,427,882**	19,572,004

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements

A) Background

The accompanying financial statements for the year ended 31 March 2014 comprise the accounts of India branches of Standard Chartered Bank ('SCB' or 'the Bank'), which is incorporated with limited liability in the United Kingdom. The Bank's ultimate holding company is Standard Chartered Plc ('SCPLC'), which is incorporated in the United Kingdom.

B) Basis of preparation

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

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

C) Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosures relating to the contingent liabilities reported in the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

D) Significant Accounting Policies

(1) Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI Circular DBOD No.BP.BC.8/21.04.141/2013-14 dated 01 July 2013.

Classification

Investments are classified as 'Held to Maturity' ('HTM') or 'Held for Trading' ('HFT') or 'Available for Sale' ('AFS') at the time of their purchase. Investments acquired by the Bank with the intention of holding up to maturity are classified as HTM. Investments acquired with the intention to trade by taking advantage of short-term price / interest rate movements and are to be sold within 90 days are classified as HFT. All other investments are classified as AFS.

The Bank follows settlement date accounting for its investments.

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

Valuation

Cost of investments is determined using the weighted average cost method.

Investments classified as HTM are carried at acquisition cost. Any premium on acquisition is amortised over the remaining period till maturity on the basis of a constant yield to maturity. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Where in the opinion of management and in accordance with RBI guidelines, there is any diminution in the value of any HTM security, which is other than temporary, appropriate provisions are made.

Investments classified as AFS or HFT are marked to market on a monthly basis. Net depreciation for each classification in respect of any category mentioned in Schedule 8 – Investments, is recognised in the Profit and Loss Account. Net appreciation, if any, is ignored.

The mark to market value of investments in debt securities classified as HFT and AFS is determined using prices or on the basis of the base yield curve and the applicable spreads as notified by Fixed Income Money Market and Derivatives Association ('FIMMDA') jointly with Primary Dealers Association of India ('PDAI').

In line with the RBI guidance, Treasury Bills are marked to market using the Yield to Maturity (YTM) rate as published by FIMMDA.

Certificate of Deposits and Commercial Paper are valued at carrying cost including the pro rata discount accreted for the holding period.

Brokerage, interest and commission on debt instruments paid at the time of acquisition are charged to the Profit and Loss Account. Valuations are adjusted for illiquidity; the illiquidity adjustments are based on management estimates.

Transfer between categories

Transfer of investments between categories is accounted in accordance with provisions of the above referred RBI Circular:

a) Securities transferred from AFS / HFT category to HTM category are transferred at the lower of book value or market value.

b) Securities placed under the HTM category at a discount, are transferred to AFS / HFT category at the acquisition price / book value.

c) Securities placed under the HTM category at a premium, are transferred to the AFS / HFT category at the amortised cost.

d) Securities transferred from AFS to HFT category or vice-versa, are transferred at book value and provisions held for accumulated depreciation, if any, is transferred to provisions for depreciation against the HFT securities and vice-versa.

Accounting for repos / reverse repos

In accordance with the RBI Circular DBOD No.BP.BC.8/21.04.141/2013-14 dated 01 July 2013, repurchase (repos) and reverse repurchase (reverse repos) are accounted as collateralised borrowing and lending. The Bank also follows the aforesaid principle to account repo and reverse repo transactions undertaken under Liquidity Adjustment Facility ('LAF').

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(2) Advances

Classification and provisioning of advances of the Bank are carried out in accordance with the RBI Master Circular DBOD.No.BP.BC.1/21.04.048/2013-14 dated 01 July 2013 on prudential norms on income recognition, asset classification and provisioning pertaining to advances.

Classification

Advances are classified into performing and non-performing advances ('NPA') based on management's periodic internal assessment and RBI's prudential norms on classification. Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by RBI.

Provisioning

Advances are stated net of specific provisions and interest in suspense. Specific provisions are made based on management's assessment of the degree of impairment of the advances and in accordance with the Bank's internal policy on specific provisioning for NPAs, subject to minimum provisioning norms laid down by the RBI.

For restructured advances, provision is made in accordance with the RBI guidelines, which requires the diminution in the fair value of the advances to be provided at the time of restructuring.

The Bank also maintains a general provision at rates and as per norms prescribed by RBI in the above referred circular and discloses the same in Schedule 5 - Other Liabilities and Provisions.

(3) Securitisation (including assignment)

The Bank securitises advances to Special Purpose Vehicles ('SPV'). Securitised assets are derecognised if they are transferred to the SPV in compliance with all the conditions of true sale as prescribed in 'Guidelines on Securitisation transactions' vide circulars DBOD.No.BP.BC-103/21.04.177/2011-12 dated 07 May 2012 and DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006 issued by the RBI. Securitisation transactions which do not meet the criteria for derecognition are accounted for as secured borrowings.

In accordance with the above referred circular, gain arising on securitisation is amortised over the life of the securities issued / to be issued by the SPV. Loss, if any, is recognised immediately in the Profit and Loss Account.

The Bank also follows the aforesaid principles to ascertain de-recognition of loans and advances through direct assignment and the gain arising upon such direct assignment is amortised over the life of the loans and advances sold. Loss, if any, is recognised immediately in the Profit and Loss Account.

In respect of credit enhancements provided or recourse obligations accepted by the Bank at the time of securitisation or direct assignment, appropriate provisions / disclosures are made in accordance with AS 29 – Provisions, Contingent Liabilities and Contingent Assets.

(4) Derivative transactions

Derivative transactions comprise forward exchange contracts, interest rate swaps, currency futures, cross currency swaps and options and are undertaken for either trading or hedging purposes.

Trading derivatives are marked to market and the resultant unrealised gain or loss is recognised in the Profit and Loss account under Schedule 14 - Other Income. Options are marked to market and unrealised gain or loss on revaluation is recorded in the Profit and Loss account. The premium received or paid is recognised in the Profit and Loss account upon expiry or exercise of the options. Valuations are adjusted for illiquidity; the illiquidity adjustments are based on management estimates.

Hedging transactions are undertaken by the Bank to protect the change in the fair value or the cash flow of the underlying assets or liabilities. The hedging instrument is accounted for on accrual basis except for an instrument designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the hedging instrument is marked to market with the resulting gain or loss recorded as an adjustment to the market value of the designated asset.

(5) Income recognition

Interest income on advances is recognised on accrual basis, except in case of interest on NPAs, which is recognised as income on receipt, in accordance with RBI guidelines.

Interest income on discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis. Commission on guarantees and letters of credit are recognised over the facility tenor. Fees on loans and credit cards are recognised at the inception of the transactions. Fees from management advisory services are recognised based on applicable service contracts and when the service has been rendered.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve net of tax expense and transfer to statutory reserve. Losses are recognised in the Profit and Loss Account in accordance with RBI guidelines.

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(6) Fixed assets (including goodwill / intangibles) and depreciation

Fixed assets and depreciation thereon are accounted for as per AS 10 – Accounting for Fixed Assets and AS 6 – Depreciation Accounting.

Fixed assets are stated at acquisition cost less accumulated depreciation, with the exception of premises which are revalued periodically and are stated at revalued cost less accumulated depreciation.

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as part of the cost of such assets in accordance with AS 16 - Borrowing Costs. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use.

Depreciation is provided on a straight line basis over the useful life of the asset subject to the minimum rates of depreciation prescribed under Schedule XIV to the Companies Act, 1956. In the case of premises, depreciation is provided on revalued cost. On disposal of revalued premises, the amount standing to the credit of revaluation reserve is transferred to Capital Reserve in accordance with RBI guidelines.

Profit on disposal of premises is recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve net of tax expense and transfer to statutory reserve. Losses are recognised in the Profit and Loss Account.

Fixed assets individually costing less than ₹250 (in 000s) are expensed in the year of purchase, except where individual assets are purchased and installed as part of the owned and leasehold improvement projects, in which case they are capitalised as improvements to property. Computer software less than ₹25,000 (in 000s) is also expensed in the year of purchase.

Goodwill and other intangibles are recognised on business acquisition and represents the difference between the price paid and the assets and liabilities acquired, which would include any identifiable intangible assets (such as customer or core deposit relationships). These are amortised on a straight-line basis over the best estimate of their useful life as determined by the management.

The depreciation rates applied on other fixed assets are as follows:

Category	Depreciation rate per annum (%)
Computers	33
Plant	20
Furniture and Fixtures [1]	10 / 20
Motor Vehicles	33
Electrical Installations [2]	14 / 20
Improvements to property [3]	20
Computer Software [4]	33
Goodwill / Intangibles	20

[1] Furniture and Fixtures are depreciated over the expected useful lives, subject to a maximum period of ten years. The additions from 01 April 2008 onwards are depreciated over the expected useful lives, subject to a maximum period of five years.

[2] Electrical Installations include Automated Teller Machines (ATMs) which, from 01 April 2008, are depreciated over the expected useful lives, subject to a maximum period of seven years.

[3] Improvements to owned and leasehold property are depreciated over the remaining useful life / lease period subject to a maximum period of five years.

[4] Acquisition costs and development costs are amortised over the expected useful lives, subject to a maximum period of three years.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset or net realisable value, whichever is higher. If such assets are considered to be impaired, the impairment is recognised by charging the Profit and Loss Account and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(7) Accounting for leases

Assets given / taken on lease are accounted for in accordance with provisions of AS 19 – Leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

(8) Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognised in the Profit and Loss Account.

Foreign currency contracts and forward rate agreements are revalued at the exchange rates notified by FEDAI and where exchange rates are not notified by FEDAI, are revalued at foreign exchange rates implied by swap curves. The profit or loss on revaluation is recognised in the Profit and Loss Account.

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

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(9) Retirement and other employee benefits

Retirement and other employees benefits are accounted for as per AS 15 (Revised 2005) - Employee Benefits as set out below:

a) Provident fund

The Bank contributes to a recognised provident fund, which is a defined contribution scheme, for all its eligible employees. The contributions are accounted for on an accrual basis and recognised in the Profit and Loss Account.

b) Gratuity

The Bank has a gratuity scheme, which is a defined benefit plan. The Bank's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present value of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

c) Superannuation

The Bank contributes to an approved superannuation fund, which is a defined contribution scheme, for all its eligible employees who have opted for the scheme. The contributions are accounted for on an accrual basis and recognised in the Profit and Loss Account.

d) Pension

The Bank has a pension scheme for its award staff, which is a defined benefit plan. The Bank's net obligation in respect of the pension benefit is calculated by estimating the amount of future benefit that the award staff have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present value of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

e) Compensated absences

The Bank has a leave encashment scheme for its award staff, which is a defined benefit plan. The Bank's net obligation in respect of the leave benefit is calculated by estimating the amount of future benefit that the award staff have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present value of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

(10) Taxation

Income tax comprises current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed thereunder) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Current tax expense is recognised on an annual basis under the taxes payable method based on the estimated liability computed after taking credit for allowances and exemptions in accordance with the provisions of Income Tax Act, 1961.

The Bank accounts for deferred taxes in accordance with the provisions of AS 22 – Accounting for Taxes on Income. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(11) Provisions, contingent liabilities and contingent assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of such obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

(12) Provision for reward points awarded to customers

The Bank has a policy of awarding reward points to customers for credit / debit card spends, remote banking and certain Electronic Clearing Services (ECS) transactions. Provision for such reward points is made on the basis of behavioural analysis of utilisation trends.

E) Notes to accounts

(1) Statutory Disclosures

(i) Capital Adequacy

	As at 31 March 2014 (Basel III basis) (₹ in 000s)	As at 31 March 2013 (Basel II basis) (₹ in 000s)
Amount of equity capital raised	**–**	–
Amount of additional Tier I capital raised	**–**	–
Amount of Tier II capital raised	**–**	–
Total Capital	**181,033,181**	177,400,888
Total Risk weighted assets and contingents	**1,450,365,231**	1,364,363,485
Capital Ratios		
Common Equity Tier I	**10.52%**	NA
Tier I Capital	**10.52%**	10.45%
Tier II Capital	**1.96%**	2.55%
Total Capital	**12.48%**	13.00%

Capital adequacy has been calculated based on Master Circular – Basel III Capital Regulations, issued vide RBI circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated 01 July 2013.

(ii) Subordinated Debt

Schedule 4 - Borrowings includes an amount of ₹29,958 million (previous year: ₹27,143 million) pertaining to subordinated debts raised from Head Office, details of which are given below:

Date of allotment	**Amount (₹ in 000s)**	**Coupon Frequency**	**Maturity date**
03 March 2008	14,978,750	Semi - annual	02 March 2018
30 June 2008	14,978,750	Semi - annual	29 June 2018

(iii) Key Ratios

Sr. No.		**For the year ended 31 March 2014**	For the year ended 31 March 2013
i.	Interest income as a % to working funds [1]	**7.58%**	7.46%
ii.	Non-interest income as a % to working funds [1]	**2.39%**	2.31%
iii.	Operating profit as a % to working funds [1]	**4.05%**	4.04%
iv.	Return on assets [1]	**1.20%**	2.43%
v.	Business (deposits + advances) per employee (₹ in 000s) [2]	**207,130**	168,048
vi.	Profit per employee (₹ in 000s)	**2,387**	4,105

[1] Computed based on average of total assets as per Form X submitted to RBI
[2] Computed based on deposits plus advances (excluding inter-bank deposits) outstanding as at the year end

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(iv) Maturity Pattern of Assets and Liabilities

As at 31 March 2014

Maturity Bucket	Loans and Advances * (₹ in 000s)	Investments (₹ in 000s)	Deposits * (₹ in 000s)	Borrowings * (₹ in 000s)	Foreign Currency Assets (₹ in 000s)	Foreign Currency Liabilities (₹ in 000s)
Day 1	**27,763,983**	**31,340,507**	**6,322,927**	**1,626,583**	**14,669,422**	**4,735,275**
2 – 7 days	**47,466,096**	**69,986,413**	**75,503,667**	**56,320,000**	**22,333,503**	**15,152,261**
8 - 14 days	**53,330,865**	**14,015,240**	**58,576,068**	**5,991,500**	**2,202,564**	**20,099,153**
15 - 28 days	**29,911,301**	**12,703,857**	**49,000,675**	**5,991,500**	**9,466,254**	**8,850,656**
29 days – 3 mths	**116,155,295**	**33,762,192**	**103,289,384**	**11,983,000**	**44,218,628**	**27,923,172**
Over 3 mths – 6 mths	**86,138,085**	**17,166,190**	**56,652,282**	**3,000,000**	**33,983,320**	**24,874,121**
Over 6 mths – 1 yr	**43,859,772**	**30,300,867**	**83,881,720**	**–**	**6,184,730**	**51,270,169**
Over 1 year – 3 yrs	**118,873,159**	**55,869,175**	**278,702,699**	**–**	**5,874,494**	**107,754,359**
Over 3 years – 5 yrs	**33,664,522**	**12,995,675**	**9,171,632**	**29,957,500**	**13,632,189**	**47,365,108**
Over 5 years	**127,064,348**	**160,837**	**14,207**	**–**	**13,037,083**	**22,714,542**
Total	**684,227,426**	**278,300,953**	**721,115,261**	**114,870,083**	**165,602,187**	**330,738,816**

As at 31 March 2013

Maturity Bucket	Loans and Advances * (₹ in 000s)	Investments (₹ in 000s)	Deposits * (₹ in 000s)	Borrowings * (₹ in 000s)	Foreign Currency Assets (₹ in 000s)	Foreign Currency Liabilities (₹ in 000s)
Day 1	29,232,059	85,299,380	5,743,150	16,340,414	18,168,618	18,026,501
2 – 7 days	42,624,175	13,351,527	58,918,777	66,248,602	19,490,923	12,278,223
8 - 14 days	43,238,532	14,905,145	58,295,955	2,714,250	3,646,100	11,663,473
15 - 28 days	31,526,749	14,185,768	55,714,625	11,278,500	17,531,039	9,023,860
29 days – 3 mths	92,908,732	43,538,456	127,494,774	37,999,500	54,813,739	61,442,413
Over 3 mths – 6 mths	70,209,360	17,684,383	57,206,698	12,228,500	34,642,943	24,571,672
Over 6 mths – 1 yr	34,536,161	42,993,032	65,697,616	–	6,976,507	50,450,278
Over 1 year – 3 yrs	92,942,171	47,231,718	177,103,348	6,000,000	8,440,002	25,379,258
Over 3 years – 5 yrs	61,874,987	14,968,264	15,298,408	13,571,250	6,386,300	21,767,896
Over 5 years	120,449,975	8,421,336	13,700	13,571,250	3,517,475	16,582,488
Total	619,542,901	302,579,009	621,487,051	179,952,266	173,613,646	251,186,062

* Including foreign currency balances

Note: Non term assets and liabilities have been bucketed based on behavioural maturities in line with the RBI guidelines

(v) Investments

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Value of Investments		
(i) Gross Value of Investments	**287,036,347**	308,485,616
(a) In India	**287,036,347**	308,485,616
(b) Outside India	**–**	–
(ii) Provisions for Depreciation	**3,160,699**	1,014,504
(a) In India	**3,160,699**	1,014,504
(b) Outside India	**–**	–
(iii) Net Value of Investments	**283,875,648**	307,471,112
(a) In India	**283,875,648**	307,471,112
(b) Outside India	**–**	–

The Bank did not have any investment under HTM category during the year and hence, the disclosure related to sale or transfer from HTM category is not applicable.

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(vi) Movement of Provision towards Depreciation on Investments

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Balance, beginning of the year	**1,014,504**	1,268,109
Add: Provisions made during the year	**2,166,004**	942,822
Less: Write-off / write back of excess provisions during the year	**(19,809)**	(1,196,427)
Balance, end of the year	**3,160,699**	1,014,504

(vii) Repurchase and Reverse repurchase transactions including LAF (face value)

For the year ended 31 March 2014

	Minimum outstanding during the year* (₹ in 000s)	Maximum outstanding during the year (₹ in 000s)	Daily average outstanding during the year (₹ in 000s)	Outstanding as at 31 March 2014 (₹ in 000s)
Securities sold under repos (Government Securities)	**10,267,128**	**77,374,590**	**47,478,442**	**56,320,000**
Securities purchased under reverse repos (Government Securities)	**1,500,000**	**8,000,000**	**183,562**	**–**

For the year ended 31 March 2013

	Minimum outstanding during the year* (₹ in 000s)	Maximum outstanding during the year (₹ in 000s)	Daily average outstanding during the year (₹ in 000s)	Outstanding as at 31 March 2014 (₹ in 000s)
Securities sold under repos (Government Securities)	1,971,900	57,766,300	25,273,928	47,956,500
Securities purchased under reverse repos (Government Securities)	–	–	–	–

* Minimum outstanding during the year excludes the days with nil outstanding

(viii) Issuer composition of non-SLR investments

As at 31 March 2014

Issuer	Total Amount (₹ in 000s)	Extent of Private Placement (a) (₹ in 000s)	Extent of 'Below Investment Grade' Securities (b) (₹ in 000s)	Extent of Unrated securities (c) (₹ in 000s)	Extent of Unlisted securities (d) (₹ in 000s)
PSU	**2,290,045**	**39,700**	**–**	**39,700**	**39,700**
Financial institutions	**9,023,228**	**1,000,000**	**–**	**–**	**–**
Banks	**19,404,928**	**17,565,795**	**–**	**127**	**19,404,928**
Private corporate	**5,095,649**	**5,095,649**	**1,200,014**	**1,543,025**	**1,319,181**
Subsidiaries / Joint Venture	**–**	**–**	**–**	**–**	**–**
Others	**14,278,500**	**14,278,500**	**1,011,367**	**16**	**14,278,500**
Provisions held towards depreciation	**(2,178,744)**	**(2,178,744)**	**(1,738,304)**	**(1,190,574)**	**(1,654,564)**
Total	**47,913,606**	**35,800,900**	**473,077**	**392,294**	**33,387,745**

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

As at 31 March 2013

Issuer	Total Amount (₹ in 000s)	Extent of Private Placement (a) (₹ in 000s)	Extent of 'Below Investment Grade' Securities (b) (₹ in 000s)	Extent of Unrated securities (c) (₹ in 000s)	Extent of Unlisted securities (d) (₹ in 000s)
PSU	539,700	539,700	–	39,700	39,700
Financial institutions	2,260,292	911,992	–	–	2,260,292
Banks	18,041,005	14,194,921	–	127	18,041,005
Private corporate	5,344,212	5,144,371	405,825	1,219,371	583,818
Subsidiaries / Joint Venture	100	100	–	100	100
Others	31,184,553	31,184,553	17	17	31,184,553
Provisions held towards depreciation	(911,637)	(911,637)	(400,990)	(911,637)	(388,655)
Total	56,458,225	51,064,000	4,852	347,678	51,720,813

Note: Total investments include investments in Pass Through Certificates (PTCs) of ₹13,267 million (previous year: ₹29,907 million) Amounts reported under column (a), (b), (c) and (d) above are not mutually exclusive.

(ix) Movement in non performing non-SLR investments

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Balance, beginning of the year	**405,842**	45,092
Additions during the year	**2,162,698**	360,752
Reductions during the year	**(357,159)**	(2)
Balance, end of the year	**2,211,381**	405,842
Total Provisions held at end of the year	**1,738,304**	400,990

(x) Disclosures relating to NPAs and related provisions

The percentage of net NPAs to net advances is 0.45% as at 31 March 2014 (previous year: 1.63%).

The Provision Coverage Ratio (PCR) is 94.70% as at 31 March 2014 (previous year: 73.97%).

Movement of Gross NPA	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)
Balance, beginning of the year	**38,800,624**	32,121,562
Additions during the year	**30,084,147**	17,020,474
Reductions during the year	**(11,058,303)**	(10,341,412)
Balance, end of the year	**57,826,468**	38,800,624

Movement of Net NPA	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)
Balance, beginning of the year	**10,098,172**	3,868,066
Additions during the year	**(2,038,693)**	8,151,104
Reductions during the year	**(4,996,005)**	(1,920,998)
Balance, end of the year	**3,063,474**	10,098,172

Movement in Provision for NPA	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)
Balance, beginning of the year	**28,702,452**	28,253,496
Additions during the year	**32,122,840**	8,869,370
Reductions during the year	**(6,062,298)**	(8,420,414)
Balance, end of the year	**54,762,994**	28,702,452

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

Concentration of NPAs	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Total exposure to top four NPA accounts	**25,422,629**	25,403,418

Percentage of Net NPAs to total advances in that sector

Sector wise Net NPA	As at 31 March 2014	As at 31 March 2013
Agriculture & allied activities	**0.12**	–
Industry (Micro & Small, Medium and Large)	**0.78**	2.17
Services	**0.31**	1.34
Personal Loans	**0.15**	0.76

Movement in Gross NPA	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Gross NPAs as on 01 April	**38,800,624**	32,121,562
Additions (fresh NPAs) during the year	**30,084,147**	17,020,474
Sub-total (A)	**68,884,771**	49,142,036
Less:		
(i) Upgradations	**(3,823,130)**	(4,594,964)
(ii) Recoveries (excluding recoveries made from upgraded accounts)	**(4,618,235)**	(3,973,962)
(iii) Technical / Prudential Write-offs *	**–**	–
(iv) Write-offs other than those under (iii) above	**(2,616,938)**	(1,772,486)
Sub-total (B)	**(11,058,303)**	(10,341,412)
Gross NPAs as on 31 March (A - B)	**57,826,468**	38,800,624

* The Bank does not have any technical / prudential write-offs hence the disclosure on movement in such accounts is not applicable.

(xi) Concentration of Advances*

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Total advances to twenty largest borrowers	**340,546,537**	332,429,540
Percentage of advances to twenty largest borrowers to total advances of the Bank	**14.69%**	14.38%

* Advances are computed as per definition of credit exposure (including derivatives) as per RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.13/13.03.00/2013-14 dated 01 July 2013

(xii) Concentration of Exposures*

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Total exposure to twenty largest borrowers/ customers	**520,307,915**	386,425,256
Percentage of exposures to twenty largest borrowers/ customers to total exposure of the Bank on borrowers/ customers	**18.12%**	14.89%

* Exposures are computed as per definition of credit and investment exposure as per RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.13/13.03.00/2013-14 dated 01 July 2013

(xiii) Provision towards Standard Assets and Country Risk Exposure

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Provisions towards Standard Assets	**4,497,175**	4,427,175
Provisions towards Country Risk Exposure	**63,557**	24,376
Total	**4,560,732**	4,451,551

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(xiv) Details of non performing financial assets purchased

The amount of non performing financial assets purchased during the year is nil (2012–13: Nil).

(xv) Details of non performing financial assets sold (other than sold to Securitisation Company/ Reconstruction Company)

The amount of non performing financial assets sold (other than sold to Securitisation Company/ Reconstruction Company) during the year is nil (2012–13: Nil).

(xvi) Details of sale of financial assets to Securitisation Company (SC) / Reconstruction Company (RC) for asset reconstruction

		For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
(i)	No of accounts	**28**	20
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC *	**–**	–
(iii)	Aggregate consideration	**324,234**	274,424
(iv)	Additional consideration realised in respect of accounts transferred in earlier years	**–**	–
(v)	Aggregate gain over net book value	**324,234**	274,424

* Net book value on date of sale

(xvii) Unsecured Advances

The Bank has unsecured advances amounting to ₹2,093 million (previous year: ₹1,260 million) for which it holds intangible securities such as charge over the rights, licenses, authority, etc. and the estimated value of such intangible collateral is ₹10,050 million (previous year: ₹2,800 million).

(xviii) Overseas Assets, NPA and Revenue

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

Schedules to the financial statements
for the year ended 31 March 2014 continued

(xix) Accounts Restructured

The disclosure of restructured advances vide RBI circular DBOD.BP.BC.No.80/21.04.132/2012-13 dated 31 January 2013 is as under:

(₹ in 000s)

For the year ended 31 March 2014

Sr. No.	Type of Restructuring	Asset Classification Details	Under CDR Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	1	–	4	–	5	3	3,175	179	3	3,360	4	3,175	183	3	3,365
		Amount outstanding	2,160,306	–	851,986	–	3,012,292	181,895	997,624	1,307,100	59,838	2,546,457	2,342,201	997,624	2,159,086	59,838	5,558,749
		Provision thereon	68,004	–	720,210	–	788,214	3,591	702,727	1,112,075	59,838	1,878,231	71,595	702,727	1,832,285	59,838	2,666,445
2	Fresh restructuring during the year	No. of borrowers	1	–	–	–	1	–	1,149	2	1	1,152	1	1,149	2	1	1,153
		Amount outstanding	821,891	–	–	–	821,891	–	153,924	87,387	8,490	249,801	821,891	153,924	87,387	8,490	1,071,692
		Provision thereon	101,828	–	–	–	101,828	–	103,937	406,961	27,590	538,488	101,828	103,937	406,961	27,590	640,316
3	Upgradations to restructured standard category during the FY	No. of borrowers	1	–	(1)	–	–	1	–	(1)	–	–	2	–	(2)	–	–
		Amount outstanding	192,823	–	(192,823)	–	–	104,077	–	(104,077)	–	–	296,900	–	(296,900)	–	–
		Provision thereon	–	–	(148,539)	–	(148,539)	6,280	–	(123,944)	–	(117,664)	6,280	–	(272,483)	–	(266,203)
4	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restr-uctured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Downgradations of restructured accounts during the FY	No. of borrowers	(1)	–	1	–	–	–	(8)	(46)	54	–	(1)	(8)	(45)	54	–
		Amount outstanding	(1,996,782)	–	1,996,782	–	–	–	(539,807)	427,194	112,613	–	(1,996,782)	(539,807)	2,423,976	112,613	–
		Provision thereon	(68,004)	–	1,996,782	–	1,928,778	–	(572,064)	446,294	112,613	(13,157)	(68,004)	(572,064)	2,443,076	112,613	1,915,621
6	Write-offs of restructured accounts during the FY	No. of borrowers	–	–	–	–	–	1	1,813	107	1	1,922	1	1,813	107	1	1,922
		Amount outstanding	163,524	–	376,259	–	539,783	57,130	450,382	81,403	10,768	599,683	220,654	450,382	457,662	10,768	1,139,466
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	2	–	4	–	6	3	2,503	27	57	2,590	5	2,503	31	57	2,596
		Amount outstanding	1,014,714	–	2,279,686	–	3,294,400	228,842	161,359	1,636,201	170,173	2,196,575	1,243,556	161,359	3,915,887	170,173	5,490,975
		Provision thereon	101,828	–	2,279,686	–	2,381,514	8,171	153,158	1,636,201	170,173	1,967,703	109,999	153,158	3,915,887	170,173	4,349,217

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

Sr. No. 2 - Amount outstanding includes additions to existing restructured accounts amounting to ₹147,491 (in 000s) (number of accounts 5) and provision thereon includes additional provision amounting to ₹444,641 (in 000s) (number of accounts 271).

Sr. No. 6 - Amount outstanding includes amount recovered from restructured accounts amounting to ₹1,083,849 (in 000s) (number of accounts 2,383).

Sr. No. 7- Provision thereon is after adjusting the provision of ₹606,963 (in 000s) towards amount recovered / written off.

There are no accounts restructured under SME debt restructuring mechanism.

Schedules to the financial statements
for the year ended 31 March 2014 continued

For the year ended 31 March 2013

(₹ in 000s)

Sr. No.	Type of Restructuring	Asset Classification Details	Under CDR Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	–	1	–	–	1	4	4,706	364	2	5,076	4	4,707	364	2	5,077
		Amount outstanding	–	195,290	–	–	195,290	133,058	246,409	1,329,913	10,738	1,720,118	133,058	441,699	1,329,913	10,738	1,915,408
		Provision thereon	–	149,990	–	–	149,990	6,700	204,641	1,014,963	10,738	1,237,042	6,700	354,631	1,014,963	10,738	1,387,032
2	Fresh restructuring during the year	No. of borrowers	1	–	3	–	4	–	1,184	2	–	1,186	1	1,184	5	–	1,190
		Amount outstanding	2,535,306	–	1,147,800	–	3,683,106	–	1,016,795	154,280	–	1,171,075	2,535,306	1,016,795	1,302,080	–	4,854,181
		Provision thereon	68,004	–	857,500	–	925,504	–	447,969	150,500	–	598,469	68,004	447,969	1,008,000	–	1,523,973
3	Upgradations to restructured standard category during the FY	No. of borrowers	–	–	–	–	–	1	–	(1)	–	–	1	–	(1)	–	–
		Amount outstanding	–	–	–	–	–	58,360	–	(58,360)	–	–	58,360	–	(58,360)	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restr-uctured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Downgradations of restructured accounts during the FY	No. of borrowers	–	(1)	1	–	–	(2)	1	–	1	–	(2)	–	1	1	–
		Amount outstanding	–	(165,260)	165,260	–	–	(1,910)	(47,190)	–	49,100	–	(1,910)	(212,450)	165,260	49,100	–
		Provision thereon	–	(165,300)	165,300	–	–	–	(47,935)	–	49,100	1,165	–	(213,235)	165,300	49,100	1,165
6	Write-offs of restructured accounts during the FY	No. of borrowers	–	–	–	–	–	–	1,189	90	–	1,279	–	1,189	90	–	1,279
		Amount outstanding	–	–	–	–	–	–	44,313	33,017	–	77,330	–	44,313	33,017	–	77,330
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	1	–	4	–	5	3	3,175	179	3	3,360	4	3,175	183	3	3,365
		Amount outstanding	2,160,306	–	851,986	–	3,012,292	181,895	997,624	1,307,100	59,838	2,546,457	2,342,201	997,624	2,159,086	59,838	5,558,749
		Provision thereon	68,004	–	720,210	–	788,214	3,591	702,727	1,112,075	59,838	1,878,231	71,595	702,727	1,832,285	59,838	2,666,445

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

There are no accounts restructured under SME debt restructuring mechanism.

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(xx) Lending to Sensitive Sectors

Category	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Exposure to Real Estate Sector		
Direct exposure		
(i) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	**152,148,516**	143,066,668
Of which individual housing loans eligible for inclusion in priority sector advances	**13,835,414**	14,756,480
(ii) Commercial Real Estate Lending secured by mortgages on commercial real estates	**168,367,539**	138,492,723
(iii) Other Direct Exposure (Loans backed by Commercial Property not falling under definition of Commercial Real Estate Exposure as per RBI circular No. DBOD.BP.BC.No. 42/08.12.015/2009-10 dated 09 September, 2009)	**20,926,675**	17,422,971
(iv) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	**2,083,612**	2,083,612
b. Commercial Real Estate	**1,106,351**	1,277,271
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**7,656,929**	1,727,217
Total Exposure to Real Estate Sector	**352,289,622**	304,070,462
Exposure to Capital Market		
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**43,877**	43,734
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	**73,380**	65,445
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	**3,187,103**	2,647,413
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	**–**	–
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	**10,782,225**	14,069,469
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	**6,574,511**	7,373,263
(vii) Bridge loans to companies against expected equity flows / issues	**–**	–
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	**–**	–
(ix) Financing to stockbrokers for margin trading	**–**	–
(x) All exposures to Venture Capital Funds (both registered and unregistered)	**–**	–
(xi) Others (Irrevocable Payment Commitments)	**7,758,600**	397,175
Total Exposure to Capital Market	**28,419,696**	24,596,499

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(xxi) Assets Securitised (including assignment)

(a) Securitisation

The Bank has not entered into any securitisation transactions during the year (2012-13: Nil).

(b) Assignment

In accordance with RBI circular DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006, the details of loan assignments are given below:

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Book value of loans assigned	**–**	2,862,395
Total number of loans assigned (nos.)	**–**	5
Sale consideration received	**–**	2,862,313
Net (loss) / profit on assignment *	**–**	(82)

* Profit is amortised over the residual maturity of the securities or loans assigned

Form and quantum of outstanding value of services provided by way of:

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Credit Enhancement given in the form of Cash Collateral	**755,104**	755,104
Credit Enhancement given in the form of Guarantees	**1,328,508**	1,428,508
Liquidity Support	**–**	–
Post securitisation asset servicing	**–**	–

(xxii) Risk Exposure in Derivatives

(a) Exchange traded interest rate derivatives

The Bank has entered into exchange traded interest rate derivatives during the year (2012-13: Nil) and amount outstanding at the year end is ₹300 million (previous year: Nil).

(b) Qualitative Disclosures

Structure and organisation of management of risk in derivatives trading

The derivatives business is managed by the front office with independent back office for confirmation and settlement of trades. A separate middle office team validates all the derivative transactions and the processing and settlement is done by the back office team. The market risk team is responsible for monitoring market risk limits for derivative instruments. VAR (Value at Risk) is the primary risk measure and supplemented by other limits like PV01 as required and appropriate. There is clear segregation of duties and different reporting lines to ensure independent monitoring and reporting.

Risk monitoring team

The Bank is exposed to market risk, liquidity risk, operational risk and credit risk on the derivatives portfolio. The Bank's risk management group, compliance group and internal audit group assist in identifying, assessing and monitoring of these principal risks in accordance with policies and procedures.

Provisioning, collateral and credit risk mitigation

Counterparties are reviewed by credit officers who set their credit limits. The Bank does a credit analysis which includes a review of facility detail, credit grade determination and financial spreading/ ratio analysis. The Bank uses a numerical grading system, for quantifying the risk associated with counterparty.

The Bank applies the Current Exposure methodology to manage credit risk associated with derivative transactions. This is calculated by taking the cost of replacing the contract, where its mark-to-market value, is positive together with an estimate of the potential future change in the market value of the contract, reflecting the volatilities that affect it. The credit risk on contracts with a negative mark-to-market value is restricted to the potential future change in their market value.

Provisioning on the exposure taken on derivative contracts is made as prescribed by RBI Circular No. DBOD.No.BP.BC.1/21.04.048/2013-14 dated 01 July 2013.

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(c) Quantitative Disclosure

Sr. No.	Particulars	**Currency Derivatives as at 31 March 2014 (₹ in 000s)**	**Interest rate derivatives as at 31 March 2014 (₹ in 000s)**	Currency Derivatives as at 31March 2013 (₹ in 000s)	Interest rate derivatives as at 31 March 2013 (₹ in 000s)
1	Derivatives (Notional Principal Amount)				
	a) For hedging	**189,190,133**	**70,750,000**	62,256,935	20,250,000
	b) For trading	**5,600,215,789**	**5,976,690,868**	5,742,542,265	5,772,181,310
2	Marked to Market Positions				
	a) Asset (+)	**137,652,572**	**53,627,323**	101,621,412	33,611,382
	b) Liability (-)	**(168,751,852)**	**(42,677,058)**	(108,078,012)	(32,469,966)
3	Credit Exposure[1]	**326,383,256**	**104,916,973**	277,876,828	84,055,473
4	Likely impact of one percentage change in interest rate (100*PV01)[2]				
	a) on hedging derivatives	**2,210,921**	**1,066,100**	174,800	481,700
	b) on trading derivatives	**1,393,513**	**2,984,203**	1,002,300	1,861,600
5	Maximum of 100*PV01 observed during the year[2]				
	a) on hedging	**2,457,330**	**1,085,300**	253,200	654,100
	b) on trading	**1,721,888**	**3,128,840**	1,118,600	3,268,600
6	Minimum of 100*PV01 observed during the year[2]				
	a) on hedging	**913,031**	**186,000**	141,200	481,700
	b) on trading	**22,825**	**1,296,043**	782,000	1,861,600

[1] Computed as per the current exposure method as per RBI Master circular on Exposure Norms DBOD.No.Dir.BC.13/13.03.00/2013-14 dated 01 July 2013

[2] Only for ₹ currency

(xxiii) Interest Rate Swaps, Interest Rate Options and Forward Rate Agreements

The notional principal amount of Interest Rate Swaps ('IRS'), Interest Rate Options ('IRO'), Interest Rate Futures ('IRF') and Forward Rate Agreements ('FRA') are:

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
IRS	**5,837,088,672**	5,618,830,026
IRO	**210,052,196**	172,311,756
IRF	**300,000**	–
FRA	**–**	1,289,528
Total	**6,047,440,868**	5,792,431,310

The credit risk is the pre-settlement risk which is estimated in accordance with the Current Exposure Method. All IRS, IRO, IRF and FRA are monitored for price risks under the Value at Risk approach.

The Bank has taken ₹3,323 million as collateral from counter parties in respect of derivative contracts (previous year: ₹2,008 million).

The gross positive mark to market on the IRS, IRO, IRF and FRA, which is the potential loss that the Bank would incur in case the counter parties fail to fulfill their obligations are:

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
IRS	**53,503,688**	33,507,903
IRO	**123,635**	103,444
IRF	**–**	–
FRA	**–**	34
Total	**53,627,323**	33,611,381

As at 31 March 2014, the exposure on IRS, IRO, IRF and FRA is spread over various industries. Based on the notional principal amount, the maximum single industry exposure lies with banks at 88% (previous year: 88%).

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

Fair value (net MTM value) which the Bank would receive or pay to terminate the IRS, IRO, IRF and FRA is given below:

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
IRS	**10,950,265**	1,141,416
IRO	**–**	–
IRF	**–**	–
FRA	**–**	–
Total	**10,950,265**	1,141,416

The nature and terms of the IRS and IRO as on 31 March 2014 are set out below:

Nature	**Number of Contracts**	**Notional Principal (₹ in 000s)**	**Benchmark**	**Term**
Trading	**2**	**1,468,575**	**INBMK**	**Fixed Payable v/s Fixed Receivable**
Trading	**74**	**48,713,991**	**INBMK**	**Fixed Payable v/s Floating Receivable**
Trading	**32**	**15,750,000**	**INBMK**	**Fixed Receivable v/s Floating Payable**
Trading	**1**	**2,696,175**	**LIBOR**	**Fixed Payable v/s Fixed Receivable**
Trading	**433**	**535,201,926**	**LIBOR**	**Fixed Payable v/s Floating Receivable**
Trading	**13**	**45,367,932**	**LIBOR**	**Floating Payable v/s Floating Receivable**
Trading	**11**	**20,038,152**	**LIBOR**	**Fixed Receivable v/s Fixed Payable**
Trading	**430**	**500,402,347**	**LIBOR**	**Fixed Receivable v/s Floating Payable**
Trading	**21**	**47,495,465**	**LIBOR**	**Floating Receivable v/s Floating Payable**
Trading	**3**	**1,140,000**	**MIBOR**	**Fixed Payable v/s Floating Receivable**
Trading	**2**	**500,000**	**MIBOR**	**Fixed Receivable v/s Floating Payable**
Trading	**904**	**478,309,983**	**MIFOR**	**Fixed Payable v/s Floating Receivable**
Trading	**878**	**433,904,325**	**MIFOR**	**Fixed Receivable v/s Floating Payable**
Trading	**1,960**	**1,848,677,144**	**OIS**	**Fixed Payable v/s Floating Receivable**
Trading	**1,804**	**1,765,223,445**	**OIS**	**Fixed Receivable v/s Floating Payable**
Trading	**10**	**10,724,606**	**Others**	**Fixed Payable v/s Floating Receivable**
Trading	**10**	**10,724,606**	**Others**	**Fixed Receivable v/s Floating Payable**
Trading	**9**	**99,555,728**	**LIBOR**	**Floating Payable v/s Fixed Receivable**
Trading	**9**	**99,555,728**	**LIBOR**	**Floating Receivable v/s Fixed Payable**
Trading	**3**	**5,470,370**	**Others**	**Floating Payable v/s Fixed Receivable**
Trading	**3**	**5,470,370**	**Others**	**Floating Receivable v/s Fixed Payable**
Hedging	**106**	**67,250,000**	**OIS**	**Fixed Payable v/s Floating Receivable**
Hedging	**5**	**3,500,000**	**OIS**	**Fixed Receivable v/s Floating Payable**
	6,723	**6,047,140,868**		

The nature and terms of the IRS and IRO as on 31 March 2013 are set out below:

Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	2	1,631,750	INBMK	Fixed Payable v/s Fixed Receivable
Trading	79	52,833,572	INBMK	Fixed Payable v/s Floating Receivable
Trading	36	18,000,000	INBMK	Fixed Receivable v/s Floating Payable
Trading	2	4,719,903	LIBOR	Fixed Payable v/s Fixed Receivable
Trading	434	436,987,521	LIBOR	Fixed Payable v/s Floating Receivable
Trading	18	82,533,073	LIBOR	Floating Payable v/s Fixed Receivable
Trading	15	46,651,894	LIBOR	Floating Payable v/s Floating Receivable
Trading	3	4,828,473	LIBOR	Fixed Receivable v/s Fixed Payable
Trading	399	366,087,739	LIBOR	Fixed Receivable v/s Floating Payable
Trading	18	82,533,073	LIBOR	Floating Receivable v/s Fixed Payable
Trading	15	34,079,803	LIBOR	Floating Receivable v/s Floating Payable
Trading	3	1,140,000	MIBOR	Fixed Payable v/s Floating Receivable
Trading	2	500,000	MIBOR	Fixed Receivable v/s Floating Payable
Trading	976	534,994,013	MIFOR	Fixed Payable v/s Floating Receivable
Trading	937	465,307,825	MIFOR	Fixed Receivable v/s Floating Payable
Trading	2,110	1,817,815,349	OIS	Fixed Payable v/s Floating Receivable
Trading	2,188	1,787,750,813	OIS	Fixed Receivable v/s Floating Payable
Trading	11	10,289,902	OTHERS	Fixed Payable v/s Floating Receivable
Trading	12	11,337,945	OTHERS	Fixed Receivable v/s Floating Payable
Trading	3	5,434,567	OTHERS	Floating Payable v/s Fixed Receivable
Trading	3	5,434,567	OTHERS	Floating Receivable v/s Fixed Payable
Hedging	48	20,250,000	OIS	Fixed Payable v/s Floating Receivable
	7,314	5,791,141,782		

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

The nature and terms of the IRF as on 31 March 2014 are set out below:

Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	**28**	**300,000**	**Others**	**Fixed Payable v/s Floating Receivable**
	28	**300,000**		

The nature and terms of the IRF as on 31 March 2013 are set out below:

Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	3	644,764	LIBOR	Fixed Payable v/s Floating Receivable
Trading	3	644,764	LIBOR	Fixed Receivable v/s Floating Payable
	6	1,289,528		

(xxiv) Country Risk Exposure

Disclosure for country risk exposure in accordance with RBI Master Circular No. DBOD.BP.BC No.7/ 21.04.018/2013-14 dated 01 July 2013 is given under:

Risk Category	Funded Exposure (net) as at 31 March 2014 (₹ in 000s)	Provision held as at 31 March 2014 (₹ in 000s)	Funded Exposure (net) as at 31 March 2013 (₹ in 000s)	Provision held as at 31 March 2013 (₹ in 000s)
Insignificant	**54,946,674**	**35,498**	43,554,742	24,376
Low	**20,274,504**	**28,059**	14,213,636	–
Moderately Low	**2,426,478**	**–**	1,320,072	–
Moderate	**2,680,698**	**–**	1,043,349	–
Moderately High	**382**	**–**	293	–
High	**–**	**–**	–	–
Very High	**–**	**–**	7	–
Total	**80,328,736**	**63,557**	60,132,099	24,376

The above provision has been included in Schedule 5 - Other Liabilities and Provisions

(xxv) Prudential Credit Exposure Limits – Single and Group Borrower Exposure

The Bank's exposure to single and group borrowers has been within limits* specified by RBI. The Bank has enhanced the credit exposure by an additional 5 per cent of capital funds in respect of Reliance Industries Limited* with the approval of the Management Committee of the Bank (2012-13: Reliance Industries Limited, Birla Sun Life Mutual Fund and Clearing Corporation of India Limited).

* During the year, there was a passive breach due to INR currency depreciation leading to an increase in the INR equivalent of USD denominated exposure.

(xxvi) Provisions and contingencies

(a) As per AS 29 – Provisions, Contingent Liabilities and Contingent Assets, movement in provision for reward points awarded to customers and movement in other provisions are given below:

	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Reward Points[1] (₹ in 000s)	**Other Provisions (₹ in 000s)**	Reward Points[1] (₹ in 000s)	Other Provisions (₹ in 000s)
Opening provision	**583,537**	**499,092**	350,865	531,785
Provision made during the year	**457,667**	**106,092**	569,938	93,165
Utilisation / write back of provision during the year	**(405,949)**	**(219,666)**	(337,266)	(125,858)
Closing provision	**635,255**	**385,518**	583,537	499,092

[1] Basis of calculation of provision for reward points is explained in Note 18 (D) (12). The provision is utilised when actual claims for redemption are made by customers.

(b) Description of Contingent Liabilities

(i) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank relating to certain legal and tax proceedings that are currently in progress.

Financial

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(ii) Liability on account of outstanding foreign exchange contracts

The Bank enters into foreign exchange contracts 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. The Bank also undertakes currency futures transactions.

(iii) Liability on account of derivative contracts

These include notional principal on outstanding cross currency swaps, currency options, forward rate agreements, interest rate swaps, interest rate futures and interest rate options.

(iv) Guarantees given on behalf of constituents, acceptances, endorsements and other obligations

As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credit such as letters of credit enhances the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations. Irrevocable Payment Commitments are included under guarantees given on behalf of constituents in India.

(v) Other items for which the Bank is contingently liable

These includes capital commitments, recourse obligations representing credit enhancements in the form of cash collaterals in respect of securitised loans, forward asset purchase and obligations undertaken on sell down of certain assets and amount payable on securities purchased.

(c) Breakup of Schedule 17 – Provisions and Contingencies

Particulars	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)
Specific provisions against advances (net)	**27,993,948**	2,138,491
General provision against standard assets	**70,000**	–
Provision for Country Risk Exposure	**39,181**	15,149
Charge / (Release) against Investments	**826,668**	355,900
Provision on account of tax		
Current tax expense[1]	**19,301,316**	17,112,000
Deferred tax	**(10,803,231)**	(49,536)

[1] includes provision for Wealth Tax

(d) Floating Provisions

The Bank does not have any floating provision as at 31 March 2014 (previous year: Nil).

(e) Draw down from reserves

During the year ended 31 March 2014, there was a draw down from Investment Reserve of ₹562 million (2012-13: Nil), in line with RBI guidelines.

(xxvii) Retirement Benefits

(a) Defined Benefit Plans

Reconciliation of opening and closing balance of the present value of the defined benefit obligations for retirement benefits which includes pension, gratuity and compensated absences is given below:

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Changes in present value of defined benefit obligations		
Opening balance as at 01 April	**1,899,948**	1,709,888
Current service cost	**77,958**	73,123
Interest cost	**143,619**	138,203
Past service cost	**90,656**	–
Actuarial losses / (gains)	**(77,095)**	151,653
Benefits paid	**(181,330)**	(172,919)
Closing balance as at 31 March (A)	**1,953,756**	1,899,948
Changes in fair value of plan assets		
Opening balance as at 01 April	**921,330**	724,970
Expected return on plan assets	**73,333**	60,178
Contributions paid by the Bank	**55,656**	289,420
Benefits paid	**(181,330)**	(172,919)
Actuarial gains / (losses)	**(6,599)**	19,681
Closing balance as at 31 March (B)	**862,390**	921,330
Net liability recognised (B - A)	**(1,091,366)**	(978,618)

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Present value of defined benefit obligations as at 31 March	**1,953,756**	1,899,948
Fair value of plan assets as at 31 March	**862,390**	921,330
Funded status – Deficit	**(1,091,366)**	(978,618)
Unrecognised assets as per paragraph 59(b) of AS 15	**–**	(3,345)
Net liability recognised in Balance Sheet	**(1,091,366)**	(981,963)

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Components of employer's expense		
Current service cost	**77,958**	73,123
Interest cost	**143,619**	138,203
Expected return on assets	**(73,333)**	(60,178)
Past Service Cost	**90,656**	–
Net actuarial losses / (gains)	**(70,496)**	131,972
Effect of the limit in paragraph 59(b) of AS 15	**(3,345)**	(2,333)
Net cost recognised in the Profit and Loss Account	**165,059**	280,787

Key Assumptions	**31 March 2014**	31 March 2013
Discount rate	**9.15%**	8.00%
Expected return on plan assets	**7.50%**	7.50%
Salary escalation rate		
• Management Staff	**8.00%**	7.50%
• Non Management Staff	**6.50%**	6.00%

Details of plan assets, defined benefit obligations and experience adjustments

	31 March 2014 (₹ in 000s)	31 March 2013 (₹ in 000s)	31 March 2012 (₹ in 000s)	31 March 2011 (₹ in 000s)	31 March 2010 (₹ in 000s)
Plan assets	**862,390**	921,330	724,970	760,290	675,421
Defined benefit obligations	**1,953,756**	1,899,948	1,709,888	1,753,375	1,303,937
Amount not recognised as an asset (limit in para 59(b) of AS 15)	**–**	3,345	5,678	3,201	15,201
Deficit	**(1,091,366)**	(981,963)	(990,596)	(996,286)	(643,717)
Experience adjustment on plan assets	**7,917**	27,572	1,343	3,432	18,867
Experience adjustment on plan liabilities	**93,215**	37,418	30,311	198,630	41,745

The estimates of future salary increases in the actuarial valuation takes into consideration inflation, seniority, promotion and other relevant factors.

The major categories of plan assets as a percentage of total plan assets are as follows:

Category of Assets	**As at 31 March 2014**	As at 31 March 2013
Insurer managed funds	**77%**	77%
Government of India securities	**12%**	11%
Others (corporate bonds, special deposit scheme, equity shares)	**11%**	12%
Total	**100%**	100%

(b) Defined Contribution Plans

The amount recognised as an expense for the Defined Contribution Plans is as under:

Particulars	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)
Provident Fund	**368,165**	351,886
Superannuation Fund	**38,999**	40,659

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(xxviii) Primary dealership

In line with the RBI circular IDMD.PDRD.01 /03.64.00/2013-14 dated 01 July 2013, the details pertaining to net borrowing in call money markets are as under:

For the year ended 31 March 2014

Particulars	**Average net call borrowing (₹ in 000s)**	**Maximum net call borrowing (₹ in 000s)**
Net Call Borrowing	**–**	**–**

For the year ended 31 March 2013

Particulars	Average net call borrowing (₹ in 000s)	Maximum net call borrowing (₹ in 000s)
Net Call Borrowing	–	–

(xxix) Customer complaints and awards of Banking Ombudsman

In accordance with RBI circulars DBOD No.Leg.BC.22/09.07.006/2013-14 dated 01 July 2013 and DBOD.BP.BC.No.49/21.04.018/2013-14 dated 03 September 2013, details with respect to customer complaints and awards passed by the Banking Ombudsman are given below:

Customer complaints:

	Particulars	**For the year ended 31 March 2014**	For the year ended 31 March 2013
(a)	No. of complaints pending at the beginning of the year	**434**	39
(b)	No. of complaints received during the year	**21,034**	6,772
(c)	No. of complaints redressed during the year	**21,429**	6,377
(d)	No. of complaints pending at the end of the year	**39**	434

Note: Previous year numbers are not comparable as current year includes 4,746 complaints pertaining to cases of failed ATM transactions at other bank ATMs, reported vide aforementioned circular dated 03 September 2013. The Bank has also undertaken enhanced complaint identification and monitoring mechanism during the year.

Awards passed by the Banking Ombudsman:

	Particulars	**For the year ended 31 March 2014**	For the year ended 31 March 2013
(a)	No. of unimplemented awards at the beginning of the year	**–**	–
(b)	No. of awards passed by the Banking Ombudsman during the year	**3**	7
(c)	No. of awards implemented during the year	**3**	7
(d)	No. of unimplemented awards at the end of the year	**–**	–

(xxx) Letters of Comfort (LoC) issued

During the year ended 31 March 2014, the Bank has not issued any LoC (2012-13: Nil).

(xxxi) Fees earned in respect of bancassurance business

Nature of Income	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)
For selling life insurance policies (including ULIPs)	**722,175**	708,054
For selling non life insurance policies	**51,311**	73,234
Total	**773,486**	781,288

(xxxii) Concentration of Deposits

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Total deposits of twenty largest depositors	**133,611,774**	116,275,738
Percentage of deposits of twenty largest depositors to total deposits of the Bank	**18.53%**	18.71%

(xxxiii) Off – Balance Sheet Special Purpose Vehicles sponsored

The Bank has not sponsored any Special Purpose Vehicle (2012-13: Nil).

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(2) Segment reporting

(i) Segment description

The Bank has disclosed its operations under the following segments:

Segment Definition	Activities
Treasury	Treasury activities include foreign exchange, fixed income, money market and derivative transactions.
Wholesale Banking	Local corporate financing, corporate advisory and all advances to trusts, partnership firms, companies and statutory bodies, which are not included under the "Retail Banking" segment, are reported under Wholesale Banking.
Retail Banking	Retail banking serves retail customers through the branch network and other delivery channels. This segment raises deposits from customers and makes loans and provides other services to such customers. This segment also includes activities relating to credit cards, debit cards, mortgage loans, third party product distribution and their associated costs. Exposures are classified under retail banking taking into account the orientation, product, granularity and individual exposure criteria.
Others	Others include Corporate Real Estate Services and other items not allocable in the aforementioned segments

The classification of exposures to the respective segments conform to the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.04.018/2006-07 dated 18 April 2007 based on the information available for classification.

(ii) Segment Accounting Policy

Segment results are determined after considering the following inter-unit notional charges / recoveries:

a. Fund Transfer Pricing:
Treasury gives notional interest benefit to other divisions for the funds mobilised by the latter through deposits, and similarly charge notional interest to other divisions for the funds utilised by them for lending and investment purposes. Based on tenor of assets / liabilities and market scenarios, Treasury calculates notional interest rates used for this purpose.

b. Premises Rental Chargeback:
Individual business segments are charged rent based on notional market values and the same is credited to 'Others' (Corporate Real Estate Services) in respect of the premises occupied by them.

c. Support costs (costs pertaining to Finance, HR, Corporate Real Estate Services, Legal & Compliance, etc.) are allocated to Treasury, Wholesale & Retail banking segments based on managements' estimates of the benefits accruing to these segments for the costs incurred. This is similar to the basis used for the internal management reporting.

d. Capital & Reserves and attributable earnings thereon are allocated to individual business segments based on period end Risk Weighted Assets.

(iii) Geographic Segments

As the Bank does not have any material earnings or assets originating outside India, the Bank is considered to operate only in the domestic segment.

(iv) Segment Reporting

For the year ended 31 March 2014

		Treasury (₹ in 000s)	Wholesale Banking (₹ in 000s)	Retail Banking (₹ in 000s)	Others (₹ in 000s)	Total (₹ in 000s)
A.	Gross Segment Revenue	36,664,273	64,676,706	28,071,683	1,832,222	131,244,884
B.	Net Segment Revenue	35,350,156	27,173,002	21,679,614	1,116,879	85,319,651
C.	Net Segment Results	29,814,689	(9,346,645)	4,612,147	(740,976)	24,339,215
D.	Operating Profit	–	–	–	–	24,339,215
E.	Income Taxes	–	–	–	(8,498,085)	(8,498,085)
F.	Net Profit	–	–	–	–	15,841,130
G.	Segment Assets	586,368,083	497,735,423	178,528,912	47,377,220	1,310,009,638
H.	Segment Liabilities	380,498,971	446,004,532	476,781,527	6,724,608	1,310,009,638
I.	Capital Expenditure to acquire Fixed Assets	–	–	–	686,810	686,810
J.	Depreciation	–	–	–	995,129	995,129

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

For the year ended 31 March 2013

		Treasury (₹ in 000s)	Wholesale Banking (₹ in 000s)	Retail Banking (₹ in 000s)	Others (₹ in 000s)	Total (₹ in 000s)
A.	Gross Segment Revenue	33,071,413	59,559,108	24,673,074	1,603,552	118,907,147
B.	Net Segment Revenue	32,123,350	25,430,281	19,606,607	1,054,892	78,215,130
C.	Net Segment Results	27,899,663	10,781,303	5,871,866	2,111,846	46,664,678
D.	Operating Profit	–	–	–	–	46,664,678
E.	Income Taxes	–	–	–	(17,062,464)	(17,062,464)
F.	Net Profit	–	–	–	–	29,602,214
G.	Segment Assets	506,828,222	460,906,117	185,333,324	44,512,023	1,197,579,686
H.	Segment Liabilities	364,554,707	445,275,396	381,526,920	6,222,663	1,197,579,686
I.	Capital Expenditure to acquire Fixed Assets	–	–	–	836,791	836,791
J.	Depreciation	–	–	–	1,045,460	1,045,460

(3) Penalties

a. During the year, no penalty was levied by RBI in exercise of powers under section 46(4) of the Banking Regulation Act, 1949 (2012-13: Nil).

b. RBI levied penalty of ₹7 (in 000s) (2012-13: ₹2,165 (in 000s)) for shortages / forged / soiled notes deposited by the Currency Chest branches.

c. Penalty levied by RBI for not providing exchange facility of soiled notes to customers and public was nil (2012-13: ₹10 (in 000s)).

(4) Related Party Disclosures

(i) The list of related parties as defined in AS 18 – Related Party Disclosures and the nature of their relationship with Standard Chartered Bank - India Branches are given below:

(a) Ultimate Parent Company

Standard Chartered Plc

(b) Parent Company

Standard Chartered Holding Ltd.

(c) Head Office

Standard Chartered Bank, UK

(d) Branches of Head Office

- Standard Chartered Bank China
- Standard Chartered Bank USA
- Standard Chartered Bank UK
- Standard Chartered Bank Sri Lanka
- Standard Chartered Bank Bahrain
- Standard Chartered Bank Qatar
- Standard Chartered Bank United Arab Emirates
- Standard Chartered Bank Dubai International Financial Centre
- Standard Chartered Bank Oman
- Standard Chartered Bank Singapore
- Standard Chartered Bank Korea
- Standard Chartered Bank Japan
- Standard Chartered Bank South Africa
- Standard Chartered Bank Philippines
- Standard Chartered Bank Bangladesh
- Standard Chartered Bank Jordan
- Standard Chartered Bank Indonesia
- Standard Chartered Bank Germany

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(e) Subsidiaries of Head Office (Standard Chartered Bank, UK)

- Scope International Private Limited
- St Helen's Nominees India Private Limited
- Standard Chartered (India) Wealth Advisory Services Private Limited
- Standard Chartered Bank (China) Limited
- Standard Chartered Bank (Hong Kong) Limited
- Standard Chartered Bank (Mauritius) Limited
- Standard Chartered Bank (Pakistan) Limited
- Standard Chartered Bank (Taiwan) Limited
- Standard Chartered Bank (Thai) Public Company Limited
- Standard Chartered Bank Nepal Limited
- Standard Chartered Finance Limited
- Standard Chartered Investments and Loans (India) Limited
- Standard Chartered Private Equity (Mauritius) Limited
- Standard Chartered Bank Botswana Limited
- Standard Chartered Bank Ghana Limited
- Standard Chartered Bank Kenya Limited
- Standard Chartered Private Equity Advisory (India) Private Limited
- Standard Chartered Securities (India) Limited
- Standard Chartered Bank Malaysia - Berhad
- Standard Chartered First Bank Korea Limited
- Standard Chartered Strategic Brand Management Limited
- Standard Chartered Bank Sierra Leone Limited
- Standard Chartered Bank Nigeria Limited
- Standard Chartered Bank Cote D'Ivoire
- Standard Chartered Bank (Vietnam) Limited
- Standard Chartered Private Equity (Mauritius) II Limited
- Standard Chartered Private Equity (Mauritius) III Limited
- Standard Chartered Bank Cameroon S.A
- Standard Chartered Bank Gambia Limited
- Standard Chartered Financial Holdings
- Standard Chartered Bank Zimbabwe Limited
- Standard Chartered IL&FS Asia Infrastructure Growth Fund Company Pte. Limited
- Standard Chartered (Thailand) Company Limited

Note: Categories (d) and (e) above include only those related parties with whom transactions have occurred during the current / previous year.

(f) Key Management Personnel

In accordance with the RBI circular DBOD.BP.BC.No.7/21.04.018/2013-14 dated 1 July 2013, only Mr. Sunil Kaushal, the Chief Executive Officer ('CEO') of the Bank, falls under the category of key management personnel for the year 2013-14, hence, no disclosures pertaining to him are provided.

(ii) Transactions and balances

In line with the RBI circular DBOD.BP.BC.No.7/21.04.018/2013-14 dated 01 July 2013, related party disclosures exclude transactions in a category where there is only one related party (i.e. key management personnel) and where the Bank has an obligation under law to maintain confidentiality in respect of their customer transactions.

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)	**For the year ended 31 March 2014 (₹ in 000s)**	For the year ended 31 March 2013 (₹ in 000s)
Leasing arrangements availed	**–**	–	**–**	–	**32,887**	21,182
Leasing arrangements provided	**–**	–	**–**	–	**251,809**	272,084
Purchase of Fixed Assets	**–**	–	**–**	–	**–**	–
Sale of Fixed Assets	**–**	–	**–**	–	**–**	4,521
Employee Share Options	**–**	–	**442,522**	686,186	**–**	–
Rendering of services	**–**	–	**503,316**	369,386	**1,180,756**	1,198,971
Receiving of services	**–**	–	**86,727**	52,520	**4,438,562**	4,295,620
Interest Paid	**–**	–	**1,010,129**	1,204,111	**269,301**	233,191
Interest Received	**–**	–	**16,825**	24,256	**35,029**	54,321
Sale of foreign exchange	**1,016,942**	963,961	**4,036,211,723**	3,207,263,036	**225,372,313**	18,965,613
Purchase of foreign exchange	**–**	994,674	**4,128,125,493**	3,211,870,964	**187,936,411**	11,098,724
Fee and commission/other income	**–**	–	**4,442,944**	5,387,027	**305,006**	529,053
Service Fees received on Guarantees / LCs	**–**	–	**19,391**	10,283	**24,155**	8,248
Service Fees paid on Guarantees / LCs	**–**	–	**911**	1,332	**248**	224
Purchase of investments	**–**	–	**73,980,184**	22,880,498	**16,612,825**	13,860,155
Sale of investments	**–**	–	**33,467,106**	30,853,435	**15,324,437**	33,828,322

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31 March 2014 (₹ in 000s)	**Maximum outstanding during the year (₹ in 000s)**	**As at 31 March 2014 (₹ in 000s)**	**Maximum outstanding during the year (₹ in 000s)**	**As at 31 March 2014 (₹ in 000s)**	**Maximum outstanding during the year (₹ in 000s)**
Lease Rentals Payable	**–**	**–**	**–**	**–**	**–**	**(2,339)**
Lease Rentals Receivable	**–**	**–**	**–**	**–**	**20,375**	**24,905**
Employee Share Options	**–**	**–**	**(630,911)**	**(873,021)**	**–**	**–**
Borrowings	**–**	**–**	**(17,974,500)**	**(72,139,749)**	**–**	**–**
Subordinated Debts	**–**	**–**	**(29,957,500)**	**(34,385,000)**	**–**	**–**
Deposit / Vostros	**–**	**–**	**(900,017)**	**(7,737,734)**	**(11,834,352)**	**(14,609,195)**
Investments	**–**	**–**	**–**	**–**	**–**	**100**
Placements	**–**	**–**	**3,990,600**	**20,282,301**	**–**	**–**
Advances	**–**	**–**	**–**	**–**	**2,000,000**	**2,000,000**
Nostro / Bank Balances	**–**	**–**	**4,937,332**	**48,157,675**	**124,874**	**574,719**
Derivative Notional & Trade Contingents	**–**	**–**	**1,176,279,459**	**1,389,573,890**	**37,111,081**	**84,370,510**
Sundry Balances (Net)	**–**	**–**	**(1,697,780)**	**(8,699,822)**	**(593,973)**	**(751,251)**
Positive MTM	**–**	**–**	**6,908,880**	**12,023,365**	**512,199**	**1,088,011**
Negative MTM	**–**	**–**	**(26,175,183)**	**(32,694,723)**	**(684,689)**	**(5,487,953)**

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31 March 2013 (₹ in 000s)	Maximum outstanding during the year (₹ in 000s)	As at 31 March 2013 (₹ in 000s)	Maximum outstanding during the year (₹ in 000s)	As at 31 March 2013 (₹ in 000s)	Maximum outstanding during the year (₹ in 000s)
Lease Rentals Payable	–	–	–	–	(1,875)	(1,875)
Lease Rentals Receivable	–	–	–	–	40,029	40,029
Employee Share Options	–	–	(827,725)	(984,111)	–	–
Borrowings	–	–	(29,856,750)	(59,972,000)	–	(1,765,261)
Subordinated Debts	–	–	(27,142,500)	(28,565,500)	–	–
Deposit / Vostros	–	–	(1,540,934)	(2,857,273)	(11,168,499)	(11,168,499)
Investments	–	–	–	–	100	812,600
Placements	–	–	15,790,650	21,746,712	–	–
Advances	–	–	–	–	–	1,526,840
Nostro Balances	–	–	(6,137,630)	108,313,296	26,248	168,842
Derivative Notional & Trade Contingents	–	–	1,086,465,384	1,589,487,634	51,471,377	60,594,778
Sundry Balances (Net)	–	–	(5,062,664)	(8,443,934)	(70,793)	(907,463)
Positive MTM	–	–	12,555,641	45,153,233	699,991	1,079,853
Negative MTM	–	–	(23,679,400)	(37,058,481)	(403,957)	(2,710,150)

Figures in bracket denotes payable

(iii) Material related party transactions are given below:

The following were the material transactions between the Bank and its related parties for the year ended 31 March 2014. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

Leasing Arrangements

For availing leasing service - payment of rent to Scope International Private Limited ₹10 million (2012-13: ₹9 million) and Standard Chartered Finance Limited ₹23 million (2012-13: ₹12 million).

For providing leasing services - receipt of rent from Standard Chartered Finance Limited ₹85 million (2012-13: ₹86 million) and Standard Chartered Securities (India) Limited ₹137 million (2012-13: ₹157 million).

Sale of Fixed Assets

Sale of Fixed Assets to Standard Chartered Securities (India) Limited is nil (2012-13: ₹5 million).

Employee Share Options

Expenses incurred on employee share options payable to Head Office ₹443 million (2012-13: ₹686 million).

Rendering of Services

During the year the Bank provided secondment, amenities and other services to related parties. The material transactions were with Standard Chartered Finance Limited ₹313 million (2012-13: ₹326 million) Standard Chartered Private Equity Advisory (India) Private Limited ₹442 million (2012-13: ₹422 million), Standard Chartered Bank, Singapore ₹371 million (2012-13: ₹219 million) & Standard Chartered Securities (India) Limited ₹269 million (2012-13: ₹319 million).

Receiving of Services

During the year the Bank availed of back office support, brokerage, marketing and other services from related parties. The material transactions were back office support services from Scope International Private Limited ₹2,460 million (2012-13: ₹2,287 million), marketing services and back office support from Standard Chartered Finance Limited ₹1,107 million (2012-13: ₹1,206 million) and royalty payable to Standard Chartered Strategic Brand Management Limited ₹853 million (2012-13: ₹782 million).

Interest Paid

Interest on subordinated debt to Head Office ₹835 million (2012-13: ₹829 million), interest on money market borrowings to Head Office ₹95 million (2012-13: ₹211 million) and interest on Fixed Deposit to Standard Chartered Scope International Private Limited is ₹171 million (2012-13: ₹138 million).

Interest Received

Interest on term loan from Standard Chartered Scope International Private Limited is nil (2012-2013: ₹9 million), interest working capital loan from Standard Chartered Investments & Loans Limited ₹35 million (2012-13: ₹46 million) and interest on money market lending from Head Office ₹13 million (2012-13: ₹8 million) and interest on money market lending & bank balances from Standard Chartered Bank, USA ₹4 million (2012-13: ₹16 million).

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

Foreign Exchange Transactions
Sale of foreign currencies to Head Office ₹2,193,805 million (2012-13: ₹1,957,973 million), Standard Chartered Bank, USA ₹704,730 million (2012-13: ₹660,495 million), Standard Chartered Bank, Singapore ₹562,730 million (2012-13: ₹493,299 million) and Standard Chartered Bank Japan ₹504,281 million (2012-13: ₹64,009 million).

Purchase of foreign currencies from Head Office ₹2,248,072 million (2012-13: ₹1,968,085 million), Standard Chartered Bank, USA ₹704,172 million (2012-13: ₹661,526 million), Standard Chartered Bank, Singapore ₹583,417 million (2012-13: ₹489,444 million) and Standard Chartered Bank Japan ₹507,326 million (2012-13: ₹64,004 million).

Fee and Commission Income / Other Income
Receipt of fees from Head Office ₹2,861 million (2012-13: ₹4,345 million) and Standard Chartered Bank, Singapore ₹967 million (2012-13: ₹753 million).

Service Fees on Guarantees & Letters of Credit
Receipt of trade fees from Head Office ₹4 million (2012-13: ₹2 million), Standard Chartered Bank, Nigeria ₹3 million (2012-13: ₹3 million), Standard Chartered Bank, United Arab Emirates ₹4 million (2012-13: ₹3 million), Standard Chartered Bank, Singapore ₹4 million (2012-13: ₹2 million), Standard Chartered Bank Malaysia – Berhad ₹17 million (2012-13: ₹0.2 million) and Standard Chartered Bank Bangladesh ₹6 million (2012-13: ₹0.2 million).

Payment of fees to Standard Chartered Bank, United Arab Emirates ₹0.3 million (2012-13: ₹0.2 million), Standard Chartered Bank, Sri Lanka ₹0.3 million (2012-13: ₹0.3 million), and Standard Chartered Bank, Singapore ₹0.2 million (2012-13: ₹0.5 million).

Purchase and Sale of Investments
Purchase of investments from Standard Chartered Bank (Mauritius) Limited ₹16,613 million (2012-13: ₹13,860 million) and Standard Chartered Bank, Singapore ₹73,890 million (2012-13: ₹22,880 million).

Sale of investments to Standard Chartered Bank, Singapore ₹15,324 million (2012-13: ₹30,853 million) and Standard Chartered Bank (Mauritius) Limited to ₹33,467 million (2012-13: ₹33,828 million).

(5) Leases

Commercial and residential premises are taken on operating leases, which are cancellable in nature. Information provided herein pertains to premises taken / given on operating leases:

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Lease payments recognised in the Profit and Loss Account in respect of operating leases	**1,049,289**	933,034

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Assets given on lease – Premises		
Gross carrying amount	**2,020,804**	2,314,182
Accumulated depreciation	**57,315**	38,349
Depreciation charge for the year	**16,763**	14,283

- There are no provisions relating to contingent rent
- The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements
- There are no undue restrictions or onerous clauses in the agreements
- Initial direct costs for leases given are recognised as an expense in Profit and Loss Account

(6) Disclosure under Micro, Small & Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') on the basis of confirmation sought from suppliers on registration with specified authority under MSMED:

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Number of suppliers registered with competent authorities	**36**	49
Principal amount remaining unpaid to any supplier as at the year end	**–**	–
Interest due thereon	**–**	–
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	**–**	–
Amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**–**	–
Amount of interest accrued and remaining unpaid at the year end	**–**	–

Schedules to the financial statements
for the year ended 31 March 2014 continued

18. Significant accounting policies and notes to financial statements (continued)

(7) Deferred Tax

The deferred tax benefit of ₹10,803 million for the year ended 31 March 2014 (2012-13: ₹50 million) is included in provision on account of tax under Schedule 17- Provisions and Contingencies.

The primary components that gave rise to deferred tax assets and liabilities included in the balance sheet as are as follows:

	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Deferred tax assets		
Provision for Advances	**24,072,740**	13,209,679
Depreciation	**59,180**	209,786
Disallowances under section 43B of Income Tax Act 1961	**726,507**	636,906
Others	**141,783**	140,608
Deferred tax assets	**25,000,210**	14,196,979
Deferred tax liabilities	**(612,079)**	(612,079)
Net deferred tax assets	**24,388,131**	13,584,900

(8) Amount of Provisions made for Income Tax during the year

	For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Provision for Income Tax (excluding Wealth Tax)	**19,291,316**	17,100,000

(9) Portfolio Purchase

The Bank has purchased loans (retail loans) amounting to ₹2,113 million (2012-13: ₹15,559 million) from various NBFCs, banks and other institutions.

(10) Disclosure on remuneration

The Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of the RBI Circular No. DBOD No.BC.72/29.67/001/2011-12 dated 13 January 2012, the Regional Office of the Bank has submitted a declaration to RBI confirming the aforesaid matter.

(11) Employee Share Based Payment

The eligible employees of the Bank have been granted stock awards as equity shares of the ultimate holding company, SCPLC, under various share schemes such as Restricted Share Award (RSA), Deferred Restricted Share Award (DRSA), Performance Share Award (PSA), Sharesave Plan, etc.

During the year, the Bank has recognised an amount of ₹443 million (2012-13: ₹686 million) under the head 'Payments to and Provisions for Employees', as cost on account of share-based payments under Schedule 16 – Operating Expenses.

(12) Revaluation of Premises

Premises are revalued periodically and are stated at revalued cost less accumulated depreciation. Valuation of the premises was conducted in March 2014 by external registered valuers. Out of the total net revaluation deficit of ₹3,284 million, amount of ₹1,077 million has been transferred to Property Revaluation Reserve under Schedule 2 – Reserves and Surplus and balance amount of ₹2,207 million revaluation loss has been recognised in the Profit and Loss account under Schedule 16 - Operating Expenses.

(13) Prior Year Comparatives

Previous year figures have been reclassified or regrouped wherever necessary to conform to the current year's presentation.

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

For Standard Chartered Bank - India Branches

Manoj Kumar Vijai
Partner
Membership No. 046882

Sunil Kaushal
Regional Chief Executive Officer - India and South Asia

Mumbai
29 May 2014

Anurag Adlakha
Chief Financial Officer - India and South Asia

Cash Flow Statement
for the year ended 31 March 2014

Particulars		For the year ended 31 March 2014 (₹ in 000s)	For the year ended 31 March 2013 (₹ in 000s)
Cash flow from operating activities			
Profit Before Tax		**24,339,215**	46,664,678
Adjustments for:			
Depreciation on Bank's property		**995,129**	1,045,460
Deficit on Revaluation of Premises		**2,207,263**	–
Interest on subordinated debt		**835,353**	828,653
Provision in respect of non-performing assets (including provision for country risk exposure)		**28,033,129**	2,153,640
General provision against standard assets		**70,000**	–
(Appreciation) / depreciation on investments		**2,146,196**	(253,604)
Net profit on sale of premises and other assets		**(1,148,891)**	(133,428)
		57,477,394	50,305,399
Adjustments for:			
(Increase) / decrease in investments		**21,449,268**	(33,978,695)
(Increase) / decrease in advances		**(92,678,473)**	(65,981,304)
(Increase) / decrease in other assets		**(48,288,604)**	121,956,713
Increase / (decrease) in borrowings		**(65,082,183)**	53,770,195
Increase / (decrease) in deposits		**99,628,210**	(18,159,920)
Increase / (decrease) in other liabilities and provisions		**73,880,162**	(104,164,985)
		46,385,774	3,747,403
Direct taxes paid		**(18,939,109)**	(16,418,822)
Net Cash flow from / (used in) operating activities	(A)	**27,446,665**	(12,671,419)
Cash flow from investing activities			
Purchase of fixed assets (including capital work in progress)		**(1,003,669)**	(1,181,906)
Proceeds from the sale of fixed assets		**4,004,352**	699,889
Net Cash flow from / (used in) investing activities	(B)	**3,000,683**	(482,017)
Cash flow from financing activities			
Remittance to Head Office		**(21,936,636)**	–
Capital infusion		**11,100,000**	20,500,000
Interest on subordinated debt		**(829,939)**	(832,443)
Net Cash flow from / (used in) financing activities	©	**(11,666,575)**	19,667,557
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**18,780,773**	6,514,121
Cash and cash equivalents at the beginning of the year		**55,138,842**	48,624,721
Cash and cash equivalents at the end of the year		**73,919,615**	55,138,842
Net increase / (decrease) in cash and cash equivalents		**18,780,773**	6,514,121

Note: Cash and Cash Equivalents represent

	Schedule	As at 31 March 2014 (₹ in 000s)	As at 31 March 2013 (₹ in 000s)
Cash and Balances with the Reserve Bank of India	6	**39,982,532**	31,400,947
Balances with Banks and Money at call and short notice	7	**33,937,083**	23,737,895
Total		**73,919,615**	55,138,842

As per our report of even date

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

For Standard Chartered Bank - India Branches

Manoj Kumar Vijai
Partner
Membership No. 046882

Sunil Kaushal
Regional Chief Executive Officer - India and South Asia

Mumbai
29 May 2014

Anurag Adlakha
Chief Financial Officer - India and South Asia

Independent Auditors' report

To the Chief Executive Officer of Standard Chartered Bank– India branches

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956.
8. We report that:
   (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
   (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
   (c) during the course of our audit we visited 12 branches. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
9. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India.
10. We further report that:
   (i) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (ii) the financial accounting systems of the Bank are centralised and, therefore, returns are not necessary to be submitted by the branches;
   (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books; and
   (iv) the requirements of section 274 (1) (g) of the Companies Act, 1956 are not applicable considering the Bank is a branch of Standard Chartered Bank, which is incorporated with limited liability in United Kingdom.

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
29 May 2014

Risk review and disclosures under Basel III Framework

for the period ended 31 March 2014

1. Background

The Standard Chartered Group (SCB Group or the Group) is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. Standard Chartered Bank is regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom (UK).

SCB India (SCBI or the Bank) is a branch of Standard Chartered Bank UK, which is part of the SCB Group. The ultimate parent company of the Bank is Standard Chartered PLC, which is listed on the London Stock Exchange and the Stock Exchanges of Hong Kong and India. Indian branch operations are conducted in accordance with the banking license granted by the Reserve Bank of India (RBI) under the Banking Regulation Act 1949.

2. Overview

The Basel Committee on Banking Supervision published a framework for International Convergence of Capital Measurement and Capital Standards (commonly referred to as Basel II), which replaced the original 1988 Basel I Accord. The RBI adopted the same in March 2008. The Basel III implementation schedule for India has commenced from 1 April 2013 and is phased in through to 31 March 2019. Accordingly, for 31 March 2014 reporting purposes, the Bank has calculated its Pillar 1 capital requirement based on Basel III norms.

Basel II/III is structured around three "pillars" which are outlined below:

- Pillar 1 sets out minimum regulatory capital requirements – the minimum amount of regulatory capital banks must hold against the risks they assume;
- Pillar 2 sets out the key principles for supervisory review of a bank's risk management framework and its capital adequacy. It sets out specific oversight responsibilities for the Board and senior management, thus reinforcing principles of internal control and other corporate governance practices; and
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

Basel II/III provides three approaches of increasing sophistication to the calculation of credit risk capital; the Standardised Approach (SA), the Foundation Internal Ratings Based Approach and the Advanced Internal Ratings Based Approach (IRB). Basel II also introduced capital requirements for operational risk (OR) for the first time.

3. DF 1 - Scope of Application

Name of the head of the banking group to which the framework applies: Standard Chartered Bank India Branches

DF 1 - Qualitative Disclosures

3.1. Pillar 1

The SCB Group and local management of the Indian operations recognise that Basel II/III is a driver for continuous improvement of risk management practices and believe that adoption of leading risk management practices are essential for achieving its strategic intent. Accordingly, the Group has adopted the IRB model for the measurement of credit risk covering substantial majority of the portfolio. The Group applies Value at Risk (VaR) model for market risk capital and The Standardised Approach for determining its OR capital requirements. SCBI has adopted RBI's prevailing Basel II/III regulations related to SA for credit and market risk and Basic Indicator Approach (BIA) for OR for computing local regulatory Pillar 1 capital.

3.2. Pillar 2

Pillar 2 requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available. This risk and capital assessment is commonly referred to as an Internal Capital Adequacy Assessment Process (ICAAP). The range of risks that need to be covered by the ICAAP is much broader than Pillar 1, which covers only credit risk, market risk and OR.

The Group has developed an ICAAP framework which closely integrates the risk management and capital assessment processes and ensures that adequate levels of capital are maintained to support the current and projected demand for capital under expected and stressed conditions. The ICAAP framework has been designed to be applied consistently across the organisation to meet the Pillar 2 requirements of local regulators. As a branch of a foreign bank in India, the India ICAAP is largely based on the Group ICAAP framework, so as to maintain consistency in reporting of the risk and capital management aspects. However, wherever necessary, local customisation has been incorporated to align with the RBI requirements.

3.3. Pillar 3

Pillar 3 aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk management practices. The Bank has implemented the requirements laid down by RBI for Pillar 3 disclosure, covering both the qualitative and quantitative items. These are also published in the Bank's annual report and hosted on the Bank's website.

The risk related disclosures and analysis provided herein below, are primarily in the context of the disclosures required under the RBI's Pillar 3 – Market Discipline of the Basel III Capital Regulations and New Capital Adequacy Framework (commonly referred to as NCAF) and are in respect of SCBI, except where required and specifically elaborated, to include other Group entities operating in India. The information provided has been reviewed by senior management and is in accordance with the guidelines prescribed by the RBI.

3.4. Accounting and Prudential Treatment / Consolidation Framework

The consolidation norms for accounting are determined by the prevailing Indian Generally Accepted Accounting Principles (GAAP). The regulatory requirements are governed by RBI guidelines. The differences between consolidation for accounting purposes and regulatory purposes are mainly on account of following reasons:

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

3. DF 1 - Scope of Application (continued)

1) **Control over other entities to govern the financial and operating policies of the subsidiaries or joint ventures**
As per Indian GAAP, existence of control/joint control to govern the financial and operating policies of the subsidiary or joint venture is necessary for accounting consolidation. However, certain entities such as Non Banking Finance Companies (NBFC) have to be consolidated for regulatory capital adequacy purposes even where the above requirement is not fulfilled. Such cases are where the ability to control financial and operating policies of the entities legally vests with the Parent or Group entities and not with the India branch operations.

2) **Nature of business of the entities to be consolidated**
As per Indian GAAP, subsidiaries are not excluded from consolidation because of dissimilar nature of business activities between subsidiary and other entities within the Group. However, RBI regulations do not require consolidation of entities engaged in insurance business and businesses not pertaining to financial services.

3) **Method of consolidation**
The accounting consolidation methodology requires 'line by line' consolidation and elimination of all inter-group balances. However, for the purpose of regulatory consolidation under the capital adequacy framework, the risk weighted assets (RWA) and capital requirements for each entity can be computed separately by applying the Basel II/III norms as applicable for a bank and simply added together with that of the lead bank in the consolidated group. The Bank has adopted the latter approach for consolidation of entities for limited purpose of capital adequacy framework, as the accounting consolidation method is not appropriate considering the legal ownership pattern of the consolidated entities.

List of group entities considered for consolidation for regulatory purposes is summarised below:

Name Of The Entity / Country Of Incorporation	Whether The Entity Is Included Under Accounting Scope Of Consolidation (Yes / No)	Explain The Method Of Consolidation	Whether The Entity Is Included Under Regulatory Scope Of Consolidation (Yes / No)	Explain The Method Of Consolidation	Explain The Reasons For Difference In The Method Of Consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Standard Chartered Bank India Branches	Yes	Full	Yes	For the purpose of regulatory consolidation under the capital adequacy framework, the RWA and capital requirements for each entity can be computed separately by applying the Basel II/III normsas applicable for a bank and simply added together withthat of the lead bank in the consolidated group. The Bank has adopted the latter approach for consolidation of entities for limited purpose of capital adequacy framework, as the accounting consolidation method is not appropriate considering the legal ownership pattern of the consolidated entities.		
Standard Chartered Investments and Loans (India) Limited	No	Not Applicable	Yes			
Standard Chartered Securities (India) Limited	No	Not Applicable	Yes			
St. Helen's Nominees India Private Limited	No	Not Applicable	Yes			

List of group entities in India not considered for consolidation both under the accounting and regulatory scope of consolidation:

Name Of The Entity /Country Of Incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) (₹ in 000s)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet the legal entity) (₹ in 000s)
Scope International Private Limited	**The company renders the following services to related parties: a) Software development, maintenance & support b) Back office transaction processing and data processing of various banking transactions c) IT support d) Voice call centre services**	**83,116**	**0%**	**Not Applicable**	**7,403,800**
Standard Chartered Finance Limited	**Marketing services of financial products of Standard Chartered Bank and its Home Assist division provides search and other property related services.**	**71,907**	**0%**	**Not Applicable**	**1,035,674**
Standard Chartered (India) Wealth Advisory Services Pvt. Ltd.	**Currently no business activity is being carried out through this entity.**	**500,000**	**0%**	**Not Applicable**	**572,417**
Standard Chartered Private Equity Advisory (India) Private Limited	**The company is a research unit for Merlion India Fund carrying on activities of industry research and advice by furnishing industry and market feedback.**	**24,000**	**0%**	**Not Applicable**	**236,336**

Note: The above data is as at 31 March, 2014.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

3. DF 1 - Scope of Application (continued)

DF 1- Quantitative Disclosures

List of group entities considered for regulatory consolidation:

Name Of The Entity / Country Of Incorporation	Principal activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) (₹ in 000s)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity) (₹ in 000s)
Standard Chartered Bank, India Branches	Banking and Financial services	38,357,992	1,310,009,638
Standard Chartered Investments and Loans (India) Limited	Financial services acceptable for NBFC, other than accepting public deposits eg. lending, investments, etc.	4,543,850	10,944,652
Standard Chartered Securities (India) Limited	Category I merchant banker, rendering brokering services to retail and institutional clients and depository services	1,625,807	1,750,894
St. Helen's Nominees India Private Limited	Nominee business- holding shares/debentures in limited companies on behalf of SCBI and its clients. Security trusteeship business for SCBI.	100	7,872

The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation, i.e., that are deducted and the name(s) of such subsidiaries.	NIL
The aggregate amounts (e.g., current book value) of the bank's total interests in insurance entities, which are risk-weighted, as well as, their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction.	NIL
Any restrictions or impediments on transfer of funds or regulatory capital within the banking group.	As per extant RBI guidelines

4. DF 2 - Capital Adequacy

DF 2 - Qualitative Disclosures

4.1. Objectives

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

4.2. Approach

Strategic, business and capital plans are drawn up annually covering a one to five year horizon. The plans ensure that adequate levels of capital and an optimum mix are maintained by the Bank to support its strategy. This is integrated with the Bank's annual planning process which takes into consideration business growth assumptions across products and the related impact on capital resources.

The capital plan takes the following into account:

- Regulatory capital requirements and assessment of future standards;
- Demand for capital due to business growth, market stresses and potential risks; and
- Available supply of capital and capital raising options.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment at an overall Group level. The Bank also considers additional risk types other than those considered under Pillar 1 as part of its ICAAP. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined.

Stress testing and scenario/sensitivity analysis are used to assess the Bank's ability to sustain operations during periods of extreme but plausible events. They provide an insight into the potential impact of significant adverse events on the Bank's earnings, risk profile and capital position and how these could be mitigated.

The capital that the Bank is required to hold by the RBI is mainly determined by its balance sheet, off-balance sheet and market risk positions, after applying collateral and other risk mitigants.

4.3. Governance

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. At a country level, capital is maintained on the basis of the local regulator's requirements. It is overseen by the country Asset and Liability Committee (ALCO), which is responsible for managing the country balance sheet, capital and liquidity, with the active support and guidance from Group ALCO (GALCO), Group Capital Management Committee (GCMC) and Group Treasury (GT). The responsibility of capital management has been assigned to a dedicated sub-group of ALCO, the Capital Management Forum (CMF), which meets at least once a month. The capital management process is governed by the Capital Planning Framework.

Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios in all legal entities. These processes are designed to ensure that each entity and the consolidated Bank have sufficient capital available to meet local regulatory capital requirements at all times.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

4. DF 2 - Capital Adequacy (continued)

4.4. Mobility of Capital Resources

The Bank operates as a branch in India, hence under current RBI regulations it cannot raise capital externally. The Group's policy in respect of profit repatriation requires that each local entity should remit its profits that are considered surplus to local regulatory minimum requirements. The amount to be remitted/injected and the mix/mode of capital (CET 1 v/s Tier 2) is determined in conjunction with GT, after taking into account local capital adequacy regulations (inclusive of any regulatory buffers), anticipated changes to those regulations, forecast organic growth and Head Office (HO) return expectations.

4.5. Capital Structure

CET 1/Tier 1 capital mainly comprises of:

i) Capital funds injected by HO.

ii) Net profits of each year retained as per statutory norms (currently 25%).

iii) Remittable net profits retained in India for meeting regulatory capital requirements.

iv) Capital reserves created out of profits on account of sale of immovable properties and held to maturity investments, as per RBI regulations.

The above are not repatriable/ distributable to HO as long as the Bank operates in India.

Tier 2 capital mainly comprises of:

i) 45% of reserve created on periodic revaluation of immovable properties in accordance with the Indian GAAP.

ii) General provisions on standard (performing) assets created as per RBI regulations.

iii) Reserve created out of unrealised gain on revaluation of investments as per RBI regulations.

iv) Subordinated debts from HO in foreign currency. These are unsecured, unguaranteed and subordinated to the claims of other creditors, including without limitation, client deposits and deposits by banks.

DF 2 - Quantitative Disclosures

Capital and RWA

As at 31 March 2014

	Solo bank* Basel III (₹ in 000s)	Consolidated bank* Basel III (₹ in 000s)
Tier 1 Capital :	**152,583,972**	**160,059,848**
Common Equity Tier I	152,583,972	160,059,848
Head Office Capital	38,357,992	38,357,992
Paid up capital	–	6,169,757
Eligible reserves	138,660,620	140,019,086
Minority interests	–	–
Innovative Tier 1 instruments	–	–
Less: Restriction on innovative Tier 1 instruments	–	–
Intangible assets	(24,423,047)	(24,475,394)
Other regulatory adjustments	(11,593)	(11,593)
Additional Tier I	–	–
Tier 2 Capital :	**28,449,209**	**28,471,196**
Eligible revaluation reserves	2,807,458	2,807,458
General provision and other eligible reserves/provisions	6,393,501	6,415,488
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year ₹ Nil)	27,497,500	27,497,500
Less: Amortisation of qualifying subordinated debts	(8,249,250)	(8,249,250)
Other regulatory adjustments	–	–
Total capital base	**181,033,181**	**188,531,044**
Minimum regulatory capital requirements		
Credit risk	111,500,645	112,424,181
Standardised approach portfolios	92,467,209	93,390,745
Securitisation exposures	2,048,066	2,048,066
Counterparty / settlement risks	16,985,370	16,985,370
Market risk - Standardised duration approach	8,328,304	8,330,299
Interest rate risk	7,708,890	7,708,890
Foreign exchange risk (including gold)	540,000	540,000
Equity risk	79,414	81,409
Counterparty / settlement risks	–	–
Operational risk - Basic indicator approach	10,703,922	10,955,354
Total minimum regulatory capital requirements	**130,532,871**	**131,709,834**

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

4. DF 2 - Capital Adequacy (continued)

Risk weighted assets and contingents		
Credit risk	**1,238,896,060**	**1,249,157,572**
Market risk *(including counterparty/settlement risks)*	**92,536,705**	**92,558,872**
Operational risk - Basic indicator approach	**118,932,466**	**121,726,154**
Total Risk weighted assets and contingents	**1,450,365,231**	**1,463,442,598**
Capital ratios		
Common Equity Tier 1 capital	**10.52%**	**10.94%**
Tier 1 capital	**10.52%**	**10.94%**
Tier 2 capital	**1.96%**	**1.95%**
Total capital	**12.48%**	**12.88%**

As at 31 March 2013

	Solo bank* Basel II (₹ in 000s)	Consolidated bank* Basel III (₹ in 000s)
Tier 1 Capital :	142,609,833	150,123,722
Head Office Capital	27,257,992	27,257,992
Paid up capital	–	6,169,657
Eligible reserves	130,889,351	132,289,442
Intangible assets	(13,594,232)	(13,650,091)
Unconsolidated subsidiaries/associates	(50)	(50)
Other regulatory adjustments	(1,943,228)	(1,943,228)
Tier 2 Capital :	34,791,055	34,814,008
Eligible revaluation reserves	4,551,436	4,551,436
General provision and other eligible reserves/provisions	6,845,848	6,868,801
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year ₹ Nil)	27,142,500	27,142,500
Less: Amortisation of qualifying subordinated debts	(2,714,250)	(2,714,250)
Other regulatory adjustments	(1,034,479)	(1,034,479)
Total capital base	177,400,888	184,937,730
Credit risk	104,207,680	105,197,100
Standardized approach portfolios	89,708,068	90,697,488
Securitisation exposures	9,000	9,000
Counterparty/settlement risks	14,490,612	14,490,612
Market risk - Standardised duration approach	8,425,121	8,427,871
Interest rate risk	7,544,762	7,544,762
Foreign exchange risk (including gold)	810,000	810,000
Equity risk	70,359	73,109
Counterparty/settlement risks	–	–
Operational risk - Basic indicator approach	10,159,913	10,342,932
Total minimum regulatory capital requirements	122,792,714	123,967,903
Risk weighted assets and contingents		
Credit risk	1,157,863,108	1,168,856,675
Market risk *(including counterparty/settlement risks)*	93,612,454	93,643,010
Operational risk - Basic indicator approach	112,887,923	114,921,478
Total Risk weighted assets and contingents	1,364,363,485	1,377,421,163
Capital ratios		
Tier 1 capital	10.45%	10.90%
Tier 2 capital	2.55%	2.53%
Total capital	13.00%	13.43%

* Solo Bank represents the main licensed bank of the Group in India and consolidated basis include Group controlled entities operating in India and consolidated for the limited purpose of capital adequacy framework.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

5. Risk Management

The Bank has a strong governance culture and framework for risk management. The Bank's risk management principles align with those established at a Group level, and are customised to meet the local regulatory requirements. One of the main risks incurred arises from extending credit to clients through trading and lending operations. Beyond credit risk, the Bank is also exposed to a range of other risk types such as market, operational, liquidity, pension, country cross border, reputational, strategic and other risks that are inherent to its strategy, product range and geographical coverage.

5.1. Risk Management Framework

The Bank adds value to clients and generates returns for shareholders by taking and managing risk in line with strategy and risk appetite. Risk management is the set of end-to-end activities through which the Bank makes risk-taking decisions and controls and optimises its risk-return profile. It is a Bank-wide activity and starts right at the front-line.

The management of risk lies at the heart of the Bank's business. Effective risk management is a central part of the financial and operational management of the Bank and is fundamental to its ability to generate profits consistently and maximise shareholder value. The foundation of all risk assessment is aligned to the Group's Risk Management Framework (RMF). Under this framework, there are three lines of defence.

- The First Line of Defence is that all employees are required to ensure the effective management of risks within the scope of their direct organisational responsibilities.
- The Second Line of Defence comprises the Risk Control Owners (RCO) supported by their respective control functions. They are responsible for ensuring that the residual risks within the scope of their responsibilities remain within appetite.
- The Third Line of Defence comprises the independent assurance provided by the Group Internal Audit (GIA) function, which has no management responsibilities for any of the activities it examines. GIA provides independent assurance of the effectiveness of management's control of its own business activities (the First Line) and of the processes maintained by the Risk Control Functions (the Second Line). As a result, GIA provides assurance that the overall system of control effectiveness is working as required within the RMF.

5.2. Risk Governance

The Group's committee governance structure ensures that risk-taking authority and risk management policies are cascaded down from the GALCO and Group Chief Risk Officer to the appropriate functional, divisional and country-level committees. Information regarding material risk issues and compliance with policies and standards is communicated through the business and functional committees up to the Group-level committees, as appropriate.

The Country Management Group (CMG) drives and executes the business and governance agenda bringing alignment across the business and the functions so as to maximise and protect the value of the Group's operations in India. It is responsible for the overall strategic direction of the Bank including management of its capital position. It is chaired by Country Chief Executive Officer (CEO). Its membership also includes functional heads of the businesses, control and support functions in India. The CMG meets on a monthly basis.

The following committees are the primary committees with oversight of risk and capital for the Bank :

1. ALCO – responsible for the management of capital and liquidity and the establishment of and compliance with policies relating to balance sheet management, including management of the Bank's liquidity and capital adequacy. It includes the CEO, Chief Financial Officer (CFO), Country Chief Risk Officer (CCRO) and members from the businesses. ALCO meets monthly.
2. Country Risk Committee (CRC) – responsible for the effective management of risks in support of business strategy within the boundaries set by the CMG and business level risk committees. It is responsible for implementing the RMF, including assignment of the roles and responsibilities of RCOs locally. It is also responsible for ensuring that the risk exposures for all types of risks, including liquidity risk, remain within the overall risk appetite and within any specific boundaries advised by CMG and business risk committees. It includes the CEO, CCRO, CFO and members from the businesses and compliance. CRC meets bi – monthly.

   Key sub-committees / forums include:

   A. The Liquidity Management Forum (LMF) is a sub-group of the ALCO which manages liquidity. It includes members from Finance, Asset Liability Management (ALM) and the businesses. LMF meets monthly.

   B. The CMF is a sub-group of the ALCO which manages capital. It includes members from Finance, Risk and the businesses. CMF meets monthly.

   C. The Stress Test Forum (STF) is a sub-committee of the CRC which is responsible for reviewing the results of ongoing stress testing including for ICAAP. It comprises members from the Finance and Risk functions and the Country Economist. STF meets quarterly.

   D. The Country Operational Risk Committee (CORC) is a sub-committee of the CRC which exercises oversight of the Bank's OR exposure to ensure that it is managed in accordance with the RMF. The CORC meets monthly to review the Bank's significant risk exposures and to ensure appropriateness and adequacy of mitigating action plans.

5.3. The Risk Function

The CCRO manages the Risk function which is independent of the businesses. The role of the Risk function is:

- To maintain the RMF, ensuring it remains appropriate to the Bank's activities and is effectively communicated and implemented across the Bank and for administering related governance and reporting processes.
- To uphold the integrity of the Bank's risk/return decisions, and in particular for ensuring that risks are properly assessed, that risk/return decisions are made transparently on the basis of this proper assessment, and are controlled in accordance with its standards and risk appetite.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

5. Risk Management (continued)

- To exercise direct risk control ownership for credit, market, country cross-border, liquidity and operational risk types.

The Risk function is independent of the origination, trading and sales functions to ensure that the necessary balance in risk/return decisions is not compromised by short-term pressures to generate revenues. This is particularly important given that most revenues are recognised immediately while losses arising from risk positions only manifest themselves over time.

In addition, the Risk function is a centre of excellence that provides specialist capabilities of relevance to risk management processes in the wider organisation.

5.4. Risk Appetite

The Group/Bank manages its risks to build a sustainable franchise in the interests of all stakeholders. The Group Risk Appetite Statement (the RAS) is the Standard Chartered PLC's Board of Directors' articulation of the amount of risk that the Group is willing to take in the pursuit of its strategic goals. When setting risk appetite, it considers overall risk management strategy/approach and appropriate margin between actual risk exposure and its risk capacity. At a country level, a detailed risk appetite assessment is performed annually, where a country's portfolio is assessed for how it contributes towards upholding the RAS and to assess key issues and potential concerns around the country's business strategy and portfolio composition. The assessment of the country portfolio's contribution to the Group's risk appetite is performed through a 'bottom-up' analytical approach at a business/client segment/product level.

Given the different revenue, cost and risk parameters associated with the various products offered by the Bank, changes to the assumptions about business mix, asset quality and collateral have a direct impact on the aggregate level of projected credit losses, profits, capital consumption and returns in all economic conditions. A number of levers are therefore used by management to adjust the risk profile, capital consumption and business performance ahead of stress events. Examples include caps on unsecured retail exposures, portfolio caps by industry sectors and increasing collateralisation rates for corporate exposures, etc.

The risk appetite forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

5.5. Stress Testing

Stress testing and scenario analysis are used to assess the Bank's ability to maintain operations during periods of severe but plausible stress conditions and to simulate the set of feasible management actions and their impact on the Bank's earnings, risk profile and capital position, should such conditions materialise. These conditions may arise from economic, liquidity, legal, political or physical events, or from materialisation of risks that are unique to the Bank.

The stress testing framework is designed to:

- Contribute to the setting and monitoring of risk appetite;
- Identify the key risks to strategy, financial position and reputation;
- Support the development of mitigating actions and contingency plans;
- Ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing;
- Inform senior management; and
- Ensure adherence to regulatory requirements.

A Group level equivalent of STF, led by the Risk function with participation from the businesses, Group Finance, Global Research and GT, aims to ensure that the earnings and capital implications of specific stress scenarios are fully understood allowing informed mitigation actions and construction of contingency plans. This group forum generates and considers pertinent and plausible scenarios that have the potential to adversely affect the Group/Bank's business.

The India STF leverages on work done by Group and, in addition, reviews scenarios specific to the local context, including for ICAAP. Stress tests/impact analysis done in India during 2013-14 included, auto sector review, refinance risk review, construction segment review, credit cards portfolio stress test etc.

6. DF 3 - Credit Risk: General disclosures

DF 3 - Qualitative Disclosures

Credit risk is the potential for loss due to the failure of counterparty to meet its obligations to pay the Bank in accordance with agreed terms. Credit exposures may arise from both, the banking and trading books.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators who are in the business units and approvers in the risk function. All credit exposure limits are approved within a defined credit approval authority framework.

6.1. Credit Policies

Group-wide credit policies and standards are considered and approved by the Group Risk Committee (GRC), which also oversees the delegation of credit approval and loan impairment provisioning authorities. Policies and procedures specific to each business are established and provide the outline for how credit risk should be monitored and managed in the Bank. These Group policies/procedures are customised locally to incorporate any local regulatory and governance needs.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

6. DF 3 - Credit Risk: General disclosures (continued)

6.2. Credit Assessment Process

For Corporate and Institutional (C&I) Clients

A pre-sanction appraisal is carried out by the relationship manager through a Business Credit Application (BCA). BCAs are reviewed and duly approved by the relevant credit authority using an alphanumeric grading system for quantifying risks associated with counterparty. The grading is based on a Probability of Default (PD) measure, with clients analysed against a range of quantitative and qualitative measures. The numeric grades run from 1 to 14 and some of the grades are further sub-classified A, B or C. Lower credit grades are indicative of a lower likelihood of default. Credit grades 1A to 12C are assigned to performing clients or accounts, while credit grades 13 and 14 are assigned to non-performing or defaulted clients. The Bank's credit grades are not intended to replicate external credit grades, and ratings assigned by external ratings agencies are not used in determining the Bank's internal credit grades. Nonetheless, as the factors used to grade a borrower may be similar, a borrower rated poorly by an external rating agency is typically assigned a worse internal credit grade.

Nominal Limits, Loss Given Default (LGD), Expected Loss, Exposure At Default (EAD) and RWA are used in the assessment of individual exposures and portfolio analysis. LGD is the credit loss incurred if an obligor defaults. Nominal Limits are used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. In accordance with the credit authority delegation, significant exposures are reviewed and approved centrally through a credit committee. All the credit facilities are subject to an annual credit review process.

The Bank's Credit Policy, including local/governance/regulatory needs, requires strict adherence to laid down credit procedures and deviations, if any, are approved and captured through the credit appraisal process. Sufficient checks are also undertaken at various levels, to ensure that deviations are justified and appropriately approved and would not result in any undue loss/risk to the Bank.

For Retial Clients

Standard credit application forms are generally used, which are processed in central units using largely automated approval processes. Where appropriate to the client, the product or the market, a manual approval process is in place. Origination and approval roles are segregated.

Distribution of credit products through the new business channel is governed by the New Business Management and Risk Policy and Procedures, which among other requirements, lays down policies governing recruitment, verification, training and monitoring of sales staff. Credit decisions are independent of the sales/marketing functions and there are clear and specific delegated authorities. Department level Key Control Standards and regular assurance reviews and audits ensure compliance to policy and delegated authorities.

Credit grades are based on a Probability of Default (PD) calculated using IRB models. These models are based on application and behavioural scorecards which make use of external credit bureau information as well as the Bank's own data. In case of portfolios where such IRB models have not yet been developed, the PD is calculated using portfolio delinquency flow rates and expert judgement, where applicable. An alphanumeric grading system identical to that for C&I clients is used as an index of portfolio quality.

6.3. Credit Approval

Major credit exposures to individual counterparties, groups of connected counterparties and portfolios of retail exposures are reviewed and approved by the Group Credit Approval Committee (CAC). The Group CAC derives its authority from the GRC. All other credit approval authorities are delegated by the Group CAC to individuals based on their judgement and experience and based on a risk-adjusted scale which takes account of the estimated maximum potential loss from a given client or portfolio. Credit origination and approval roles are segregated in all exposures.

6.4. Credit Monitoring

The Bank regularly monitors credit exposures, portfolio performance and external trends which may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios, portfolio delinquency and loan impairment performance.

For C&I clients, clients or portfolios are placed on 'Early Alert' when they display signs of actual or potential weakness. For example, where there is a decline in the client's position within the industry, financial deterioration, a breach of covenants, non-performance of an obligation within the stipulated period or there are concerns relating to ownership or management. Such accounts and portfolios are subjected to a dedicated process overseen by the Credit Issues Committee (CIC). Client account plans, documentation for existing facilities, and credit grades are re-evaluated. In addition, remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exiting the account or immediate movement of the account into the control of Group Special Assets Management (GSAM), the specialist recovery unit, which is independent of the main businesses.

For Retail clients, portfolio delinquency trends are monitored continuously at a detailed level. Individual client behaviour is also tracked and is considered for lending decisions. Accounts which are past due are subject to a collections process, managed independently by the Risk function. Charged-off accounts are managed by a specialist recovery team. The small and medium-sized enterprise business is managed in two distinct client sub-segments, small businesses and medium enterprises, differentiated by the annual turnover of the counterparty. The credit processes are further refined based on exposure at risk. Larger exposures are managed through the Discretionary Lending approach, in line with C&I client procedures, and smaller exposures are managed through Programmed Lending, in line with procedures for Retail clients.

The CRC is responsible for the effective management of credit risk, among other risks.

The CIC, a sub-committee of CRC, is responsible for identifying and monitoring corporate clients showing potential signs of weakness and/or may be exposed to higher risks. The CIC reviews the existing Early Alert portfolio and new accounts presented to the committee. It is chaired by the CEO and its membership includes business heads, CCRO, credit officers, Head GSAM and Head of Credit Documentation Unit. CIC meets monthly.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

6. DF 3 - Credit Risk: General disclosures (continued)

6.5. Concentration Risk

Credit concentration risk can arise from pools of exposures with similar characteristics which may lead to highly correlated changes in credit quality, for example individual large exposures or significantly large groups of exposures whose likelihood of default is driven by common underlying factors.

Credit concentration risk is governed by the Group's Large Exposure Policy and Local Lending Policy (LLP); adherence to these policies is monitored by the CRC. These policies are managed via portfolio standards and within concentration caps set for counterparties or groups of connected counterparties. Concentration caps are also set for industry sectors, credit grade bands, business segments and collateralisation for C&I clients and for products in case of Retail clients.

Credit concentration risk is principally managed based on three components: single-name borrower exposure, industry concentrations and product concentration. For managing single-name concentrations, the Bank monitors compliance to the single and group borrower regulatory guidelines. The LLP establishes industry and credit grade concentration limits. The CRC monitors adherence to these prescribed limits. Any excesses from the ceilings prescribed in the LLP are escalated to the CCRO/CRC/CMG for approval in accordance with the delegated authorities outlined in the LLP.

For Retail clients, product concentration risk is managed through portfolio management approach in order to limit concentration, reduce volatility and improve profitability. As part of the annual budget, the product mix of the portfolio and the secured/unsecured share is planned and is monitored on a bi-monthly basis and reported to the CRC. The exposures are tracked on a monthly basis against Credit Approval Document limits. All significant portfolio issues are reported to the CIC.

6.6. Risk Reporting and Measurement

Risk measurement plays a central role, along with judgement and experience, in informing risk-taking and portfolio management decisions. It is a primary area for sustained investment and senior management attention.

Various risk measurement systems are available to risk officers to enable them to assess and manage the credit portfolio. As the Group has adopted IRB for credit risk under Basel II/III, these include systems to calculate nominal exposure, PD, LGD and EAD on a transaction, counterparty and portfolio basis. The Group has implemented a single risk reporting system to aggregate risk data. This is used to generate management information to assist business and Risk users with risk monitoring and management.

A number of internal risk management reports are produced on a regular basis, providing information on; individual counterparty, counterparty group, portfolio exposure, credit grade migration, the status of accounts or portfolios showing signs of weakness or financial deterioration, models performance and updates on credit markets. IRB portfolio metrics are widely used in these reports. Regular portfolio risk reports are made available at risk committee meetings.

6.7. Problem Credit Management and Provisioning

Credit monitoring is a continuous process. The frequency for each type of monitoring processes are defined. For example, excesses and past dues are reviewed on daily basis by business and credit officials. Covenants and risk triggers are normally linked to an event e.g. quarter on quarter drop in sales, exchange rate, crude prices, etc. For corporate accounts identified in risk based manner, a Quarterly Performance Review (QPR) is also carried out. Account conduct is also tracked on a monthly basis in terms of past dues, excesses, documentation, compliance with covenants and progress on exit accounts through the Account Subject To Additional Review Process (ASTAR) reporting process. Potential problem credits are identified through the credit monitoring process and reported to the CIC for additional review. In addition, portfolio level review for both C&I and Retail clients is undertaken to track portfolio performance against local underwriting standards/Group policy. Outcomes of such reviews are placed before the CRC.

C&I Exposures

Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue. Impaired accounts are managed by GSAM.

Specific provisions are made in accordance with the Bank's internal policy, subject to minimum provisions required under the RBI guidelines. When all sources of recovery have been exhausted and no further source of recovery is apparent, then the debt is written off by applying the impairment provision held.

Retail Exposures

An account is considered to be delinquent when payment is not received on the due date. For credit cards, an account is considered delinquent on the statement due date upon non receipt of payment till the payment due date. For delinquency reporting purposes, the Bank follows industry standards measuring delinquency as of 1, 30, 60 and 90 days past due. Accounts that are overdue are closely monitored. Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue.

The process used for raising provisions is dependent on the product category and adheres to the Bank's internal policy, subject to minimum provisions required under the RBI guidelines. In case of unsecured products, outstanding balances are written off at 150 days past due except discretionary lending. Unsecured products under discretionary lending are fully provided for at 90 days past due. In case of secured products like Mortgages, provision is raised after considering the realisable value of the collateral. For all products there are certain accounts such as cases involving bankruptcy, fraud and death, where the loss recognition process is accelerated.

The Bank also maintains general provision as a percentage of performing standard advances, as prescribed by the RBI, to cover the inherent risk of losses.

The credit portfolio is monitored and reported to appropriate authorities in accordance with extant Group Policies/Procedures including Monitoring & Control Policy, Large Exposure Policy, Credit Initiation and Approval Policy and Risk Mitigation Policy, as well as extant local regulations/guidelines prescribed from time to time by RBI, e.g. Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders- Framework for Revitalising Distressed Assets in the Economy and reporting to Central Repository of Information on Large Credits (CRILC).

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

6. DF 3 - Credit Risk: General disclosures (continued)

DF 3 - Quantitative Disclosures

a) Analysis of total gross credit risk exposures; fund based and non-fund based separately

Nature & category of exposures	Credit risk exposures 31 March 2014 (₹ in 000s)	31 March 2013 (₹ in 000s)
Inter bank exposures	**33,937,083**	23,737,894
Investments (HTM)	**–**	–
Advances	**739,100,419**	651,516,949
Total gross fund based exposures	**773,037,502**	675,254,843
Specific provisions / Provisions for depreciation in the value of investment[1]	**(54,762,994)**	(28,702,452)
Total net fund based exposures	**718,274,508**	646,552,391
Fx and derivative contracts	**423,625,433**	357,944,470
Guarantees, acceptances, endorsements and other obligations	**343,280,113**	312,426,238
Other commitments and credit lines[2]	**48,222,440**	53,074,695
Total gross non-fund based exposures[3]	**815,127,986**	723,445,403
Specific provisions	**(737)**	(737)
Total net non fund based exposures	**815,127,249**	723,444,666

[1] Excluding provision on standard assets

[2] Excluding credit lines which are unconditionally cancellable at the Bank's sole discretion or, effectively provide for automatic cancellation of credit lines due to deterioration of borrower's creditworthiness.

[3] For non-fund based exposures, credit risk exposures or, equivalents are computed as under:

- In case of exposures other than Fx and derivative contracts, credit equivalent is arrived at by multiplying the underlying contract or notional principal amounts with the credit conversion factors prescribed by the RBI under the Basel II/III capital framework.
- In case of Fx and derivative contracts, credit equivalents are computed using the current exposure method which includes, two steps as under:
  - Computation of current credit exposure, which is sum of the positive Mark to Market (MTM) value of the outstanding contracts.
  - Potential future credit exposure (PFE), which is determined by multiplying the notional principal amounts by the relevant 'add-on' factor based on tenor and type of underlying contracts.

b) Analysis of geographic distribution of exposures; fund based and non-fund based separately

As all the exposures under Para (a) above are domestic, the analysis of geographic distribution of exposures into fund and non-fund based has not been disclosed separately.

c) Analysis of industry wise distribution of exposures; fund based and non-fund based separately

Sno	Nature and category of industry	31 March 2014 Credit Risk Exposures Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)	31 March 2013 Credit Risk Exposures Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)
1.	Mining and Quarrying	**3,281,802**	**1,351,500**	**4,633,302**	5,241,318	310,913	5,552,231
	Of which:						
	– *Coal*	**138,642**	**88,510**	**227,152**	150,963	34,517	185,480
	– *Others*	**3,143,160**	**1,262,990**	**4,406,150**	5,090,355	276,396	5,366,751
2.	Food Processing	**14,233,181**	**9,086,645**	**23,319,826**	14,306,714	9,941,602	24,248,316
	Of which:						
	– *Sugar*	**3,824,615**	**2,398,098**	**6,222,713**	2,745,394	2,172,757	4,918,151
	– *Edible Oils and Vanaspati*	**458,874**	**4,642,480**	**5,101,354**	1,626,166	6,100,659	7,726,825
	– *Tea*	**246,855**	**406,580**	**653,435**	247,283	581,169	828,452
	– *Others*	**9,702,838**	**1,639,487**	**11,342,325**	9,687,871	1,087,016	10,774,887
3.	Beverages (excluding Tea & Coffee) and Tobacco	**15,838,092**	**1,065,262**	**16,903,354**	4,505,262	956,934	5,462,196
	Of which:						
	– *Tobacco and tobacco products*	**4,554,301**	**415,911**	**4,970,212**	2,442,759	401,257	2,844,016
	– *Others*	**11,283,791**	**649,351**	**11,933,142**	2,062,503	555,677	2,618,180
4.	Textiles	**21,751,052**	**3,244,338**	**24,995,390**	23,232,570	2,900,557	26,133,127
	Of which:						
	– *Cotton*	**197,767**	**–**	**197,767**	261,607	–	261,607
	– *Others*	**21,553,285**	**3,244,338**	**24,797,623**	22,970,963	2,900,557	25,871,520

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

6. DF 3 - Credit Risk: General disclosures (continued)

		31 March 2014			31 March 2013		
		Credit Risk Exposures			Credit Risk Exposures		
Sno	Nature and category of industry	**Fund based (₹ in 000s)**	**Non-fund based (₹ in 000s)**	**Total (₹ in 000s)**	Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)
	Out of Total Textiles to Spinning Mills	**818,915**	**–**	**818,915**	1,079,898	–	1,079,898
5.	Leather and Leather products	**1,012,132**	**213,445**	**1,225,577**	895,560	159,849	1,055,409
6.	Wood and Wood Products	**1,024,903**	**999,212**	**2,024,115**	784,419	1,350,135	2,134,554
7.	Paper and Paper Products	**7,984,468**	**1,720,401**	**9,704,869**	6,276,414	784,489	7,060,903
8.	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	**1,012,026**	**3,272,969**	**4,284,995**	1,474,445	12,374,979	13,849,424
9.	Chemicals and Chemical Products (Dyes, Paints, etc.)	**33,205,984**	**16,406,904**	**49,612,889**	36,506,334	18,355,487	54,861,821
	Of which:						
	– Fertilisers	**369,197**	**538,776**	**907,973**	689,998	1,325,435	2,015,433
	– Drugs and Pharmaceuticals	**16,666,410**	**1,778,033**	**18,444,443**	18,505,395	2,779,358	21,284,753
	– Petro-chemicals (excluding under Infrastructure)	**7,236,862**	**3,308,855**	**10,545,717**	8,181,945	4,308,794	12,490,739
	– Others	**8,933,515**	**10,781,241**	**19,714,756**	9,128,996	9,941,900	19,070,896
10.	Rubber, Plastic and their Products	**5,532,137**	**2,045,916**	**7,578,053**	4,634,125	3,580,028	8,214,153
11.	Glass & Glassware	**1,709,767**	**743,984**	**2,453,751**	2,092,555	781,970	2,874,525
12.	Cement and Cement Products	**15,861,304**	**2,177,647**	**18,038,951**	9,199,603	1,631,812	10,831,415
13.	Basic Metal and Metal Products	**53,346,962**	**20,619,746**	**73,966,708**	37,716,504	21,446,555	59,163,059
	Of which:						
	– Iron and Steel	**25,344,693**	**13,356,016**	**38,700,709**	15,899,808	13,718,355	29,618,163
	– Other Metal and Metal Products	**28,002,269**	**7,263,730**	**35,265,999**	21,816,697	7,728,200	29,544,897
14.	All Engineering	**37,800,312**	**24,187,281**	**61,987,593**	29,261,754	31,676,537	60,938,291
	Of which:						
	– Electronics	**11,348,725**	**6,982,748**	**18,331,473**	10,935,131	13,653,407	24,588,538
	– Others	**26,451,587**	**17,204,533**	**43,656,120**	18,326,623	18,023,130	36,349,753
15.	Vehicles, Vehicle Parts and Transport Equipments	**11,199,553**	**10,964,830**	**22,164,383**	18,848,712	14,999,547	33,848,259
16.	Gems & Jewellery	**29,969,297**	**366,436**	**30,335,733**	29,226,538	5,833,872	35,060,410
17.	Construction	**6,635,393**	**10,711,314**	**17,346,707**	11,466,019	11,570,941	23,036,960
18.	Aviation	**3,295,325**	**19,650,253**	**22,945,578**	–	16,450,825	16,450,825
19.	Infrastructure	**85,173,599**	**28,855,603**	**114,029,202**	58,341,794	29,886,196	88,227,990
	Of which:						
	– Roads and Bridges	**15,208,114**	**4,610,362**	**19,818,476**	8,506,944	3,418,383	11,925,327
	– Ports	**–**	**–**	**–**	–	–	–
	– Inland Waterways	**8,564,655**	**2,728,849**	**11,293,504**	8,404,341	3,042,646	11,446,987
	– Airport	**188,075**	**2,950**	**191,025**	94,000	2,120	96,120
	– Railway Track, tunnels, viaducts, bridges	**–**	**–**	**–**	–	–	–
	– Electricity (Generation)	**3,086,594**	**2,507,150**	**5,593,744**	1,778,257	2,608,220	4,386,477
	– Electricity (Transmission)	**–**	**–**	**–**	–	–	–
	– Electricity (Distribution)	**–**	**–**	**–**	–	–	–
	– Oil pipelines	**–**	**–**	**–**	–	–	–
	– Oil/Gas/Liquefied Natural Gas (LNG) storage facility	**65,339**	**-**	**65,339**	80,493	–	80,493
	– Gas pipelines	**–**	**–**	**–**	–	–	–
	– Water and sanitation	**–**	**–**	**–**	–	–	–
	– Communication	**51,041,591**	**11,473,564**	**62,515,155**	29,902,093	14,335,546	44,237,639
	– Other Infrastructure	**7,019,231**	**7,532,728**	**14,551,959**	9,575,668	6,479,281	16,054,950

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

6. DF 3 - Credit Risk: General disclosures (continued)

		31 March 2014 Credit Risk Exposures			31 March 2013 Credit Risk Exposures		
Sno	Nature and category of industry	Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)	Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)
20.	Trading & NBFC	58,079,557	26,128,348	84,207,905	45,310,249	29,010,125	74,320,374
21.	Mortgage	100,754,529	–	100,754,529	91,036,591	–	91,036,591
22.	Retail Others	70,855,240	1,328,508	72,183,748	64,181,852	1,328,508	65,510,360
23.	Real Estate	82,430,598	1,453,224	83,883,822	62,492,891	2,505,249	64,998,140
24.	Other Industries	77,113,206	156,686,346	233,799,553	94,484,724	94,589,129	189,073,865
Total Gross Advances		739,100,419	343,280,113	1,082,380,532	651,516,949	312,426,238	963,943,187
Specific provisions		(54,762,994)	(737)	(54,763,731)	(28,702,452)	(737)	(28,703,189)
Total Net Advances		684,337,425	343,279,376	1,027,616,801	622,814,497	312,425,501	935,239,998
Total Inter-bank exposures		33,937,083	–	33,937,083	23,737,894	–	23,737,895
Total Investments (HTM)		–	–	–	–	–	–

Fund based exposure comprises loans and advances, inter-bank exposures and HTM Investments. Non-fund based exposure comprises guarantees, acceptances, endorsements and letters of credit.

d) Analysis of residual contractual maturity of assets
As at 31 March 2014

Maturity Bucket	Cash and Bank balances with RBI (₹ in 000s)	Balances with Banks and money at call and short notice (₹ in 000s)	Investments (₹ in 000s)	Advances (₹ in 000s)	Fixed Assets (₹ in 000s)	Other Assets (₹ in 000s)
1day (d)	12,359,361	10,627,733	31,340,507	27,763,983	–	12,543,341
2d-7d	2,310,743	23,008,850	69,986,413	47,466,096	–	3,803,391
8d - 14d	2,437,433	35,000	14,015,240	53,330,865	–	699,337
15d - 28d	2,209,366	85,000	12,703,857	29,911,301	–	2,401,425
29d - 3 month (m)	5,183,121	176,500	33,762,192	116,155,295	–	52,797,144
3m - 6m	2,153,924	–	17,166,190	86,138,085	–	32,099,245
6m - 1 year (y)	2,534,471	–	30,300,867	43,859,772	–	33,630,743
1y - 3y	8,979,259	4,000	55,869,175	118,873,159	–	49,147,506
3y - 5y	1,267,042	–	12,995,675	33,664,522	–	19,153,590
> 5y	547,812	–	160,837	127,064,348	18,324,929	43,386,299
Total	39,982,532	33,937,083	278,300,953	684,227,426	18,324,929	249,662,020

As at 31 March 2013

Maturity Bucket	Cash and Bank balances with RBI (₹ in 000s)	Balances with Banks and money at call and short notice (₹ in 000s)	Investments (₹ in 000s)	Advances (₹ in 000s)	Fixed Assets (₹ in 000s)	Other Assets (₹ in 000s)
1day (d)	6,029,573	7,333,045	85,299,380	29,232,059	–	19,767,375
2d-7d	1,066,470	15,861,650	13,351,527	42,624,175	–	1,817,479
8d - 14d	1,202,868	5,000	14,905,145	43,238,532	–	838,920
15d - 28d	2,385,640	99,000	14,185,768	31,526,749	–	3,373,177
29d - 3 month (m)	7,321,921	439,200	43,538,456	92,908,732	–	52,056,644
3m - 6m	2,743,209	–	17,684,383	70,209,360	–	22,819,392
6m - 1 year (y)	2,836,296	–	42,993,032	34,536,161	–	13,622,888
1y - 3y	6,251,774	–	47,231,718	92,942,171	–	33,196,581
3y - 5y	63,404	–	14,968,264	61,874,987	–	18,661,826
> 5y	1,499,792	–	8,421,336	120,449,975	24,494,439	24,778,110
Total	31,400,947	23,737,895	302,579,009	619,542,901	24,494,439	190,932,392

The above has been prepared on similar guidelines as used for the statement of structural liquidity.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

6. DF 3 - Credit Risk: General disclosures (continued)

e) Details of Non-Performing Advances (NPAs) - Gross and Net

Particulars	31 March 2014 (₹ in 000s)	31 March 2013 (₹ in 000s)
Sub Standard	**15,412,643**	13,573,561
Doubtful	**15,982,002**	5,213,825
– Doubtful 1	**10,601,567**	2,723,749
– Doubtful 2	**5,201,087**	1,932,408
– Doubtful 3	**179,348**	557,668
Loss	**26,431,823**	20,013,238
Gross NPAs	**57,826,468**	38,800,624
Provisions	**(54,762,994)**	(28,702,452)
Net NPAs	**3,063,474**	10,098,172
Cover ratio	**94.70%**	73.97%

f) NPA Ratios

Particulars	31 March 2014	31 March 2013
Gross NPAs to gross advances	**7.82%**	5.98%
Net NPAs to net advances	**0.45%**	1.63%

g) Movement of NPAs

Particulars	31 March 2014		31 March 2013	
	Gross (₹ in 000s)	Net (₹ in 000s)	Gross (₹ in 000s)	Net (₹ in 000s)
Balance, 1 April	**38,800,624**	**10,098,172**	32,121,562	3,868,066
Additions during the period	**30,084,147**	**(2,038,693)**	17,020,474	8,151,104
Reductions during the period	**(11,058,303)**	**(4,996,005)**	(10,341,412)	(1,920,998)
Balance, end of the period	**57,826,468**	**3,063,474**	38,800,624	10,098,172

h) Movement of Provisions for NPAs

Particulars	31 March 2014 (₹ in 000s)	31 March 2013 (₹ in 000s)
Balance, 1 April	**28,702,452**	28,253,496
Additions during the period	**32,122,840**	8,869,370
Reductions during the period	**(6,062,298)**	(8,420,414)
Balance, end of the period	**54,762,994**	28,702,452

i) Movement of Non-Performing Investments and amount of Provisions held for Non-Performing Investments

Particulars	31 March 2014 (₹ in 000s)	31 March 2013 (₹ in 000s)
Balance, 1 April	**405,842**	45,092
Additions during the period	**2,162,698**	360,752
Reductions during the period	**(357,159)**	(2)
Balance, end of the period	**2,211,381**	405,842
Total provisions held at the end of the period	**1,738,304**	400,990

j) Movement of Provisions for Depreciation on Investments

Particulars	31 March 2014 (₹ in 000s)	31 March 2013 (₹ in 000s)
Balance, 1 April	**1,014,504**	1,268,109
Additions during the period	**2,166,004**	942,822
Reductions during the period	**(19,809)**	(1,196,427)
Balance, end of the period	**3,160,699**	1,014,504

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

7. DF 4 - Credit Risk: Disclosures for portfolios subject to the standardised approach

DF 4 - Qualitative Disclosures

As per the provisions of the Basel framework in India, SCBI has adopted the SA for measurement of credit risk. The risk weights applied under the SA are prescribed by the RBI and are based on the asset class to which the exposure is assigned. This approach permits use of external ratings for credit exposures to counterparties in the category of sovereigns, international banks, corporate and securitisation exposures. The specified credit rating agencies used for these types of exposures are as under:

Domestic Credit Rating Agencies	International Credit Rating Agencies
Credit Rating Information Services of India Limited	Standard and Poor's
ICRA Limited	Moody's
India Ratings and Research Private Limited (India Ratings)	
Credit Analysis and Research Limited	
SME Rating Agency of India Limited	
Brickworks Ratings India Pvt. Limited	

Rated facilities have generally been considered as those facilities where the Bank's exposure has been explicitly considered; else, the exposure has been treated by the Bank as unrated. The process used to transfer public issue ratings onto comparable assets in the banking book is in accordance with the requirements laid down by RBI.

DF 4 - Quantitative Disclosures

Analysis of outstanding credit exposures (after considering credit mitigation) and credit risk by regulatory risk weight

As at 31 March 2014

Nature & category of exposures	Total gross credit exposure (₹ in 000s)	Credit risk mitigation (₹ in 000s)	Net exposure (before provision) (₹ in 000s)	Credit risk weight buckets summary <100% (₹ in 000s)	100% (₹ in 000s)	>100% (₹ in 000s)	Deduction from capital (₹ in 000s)
Inter bank exposures	**33,937,083**	**–**	**33,937,083**	**33,937,083**	**–**	**–**	**–**
Investments (HTM)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Advances	**739,100,419**	**(24,039,314)**	**715,061,105**	**145,168,747**	**508,971,730**	**60,920,628**	**–**
Total fund based exposures	**773,037,502**	**(24,039,314)**	**748,998,188**	**179,105,830**	**508,971,730**	**60,920,628**	**–**
Fx and derivative contracts	**423,625,433**	**–**	**423,625,433**	**305,310,003**	**118,206,014**	**109,416**	**–**
Guarantees, Acceptances, endorsements and other obligations	**343,280,113**	**(13,947,582)**	**329,332,531**	**119,411,099**	**188,302,987**	**21,618,446**	**–**
Undrawn Commitments and others	**48,222,440**	**–**	**48,222,440**	**–**	**47,502,677**	**719,763**	**–**
Total non fund based exposures	**815,127,986**	**(13,947,582)**	**801,180,404**	**424,721,102**	**354,011,678**	**22,447,625**	**–**

As at 31 March 2013

Nature & category of exposures	Total gross credit exposure (₹ in 000s)	Credit risk mitigation (₹ in 000s)	Net exposure (before provision) (₹ in 000s)	Credit risk weight buckets summary <100% (₹ in 000s)	100% (₹ in 000s)	>100% (₹ in 000s)	Deduction from capital (₹ in 000s)
Inter bank exposures	23,737,894	–	23,737,894	23,737,894	–	–	–
Investments (HTM)	–	–	–	–	–	–	–
Advances	651,516,949	(14,182,865)	637,334,084	78,599,280	447,656,552	111,078,253	–
Total fund based exposures	675,254,843	(14,182,865)	661,071,978	102,337,174	447,656,552	111,078,253	–
Fx and derivative contracts	357,944,470	–	357,944,470	264,857,569	90,923,755	2,163,146	–
Guarantees, Acceptances, endorsements and other obligations	312,426,238	(3,123,526)	309,302,712	81,280,192	216,438,126	10,255,887	1,328,508
Undrawn Commitments and others	53,074,695	–	53,074,695	11,210,204	41,124,144	–	740,347
Total non fund based exposures	723,445,403	(3,123,526)	720,321,877	357,347,965	348,486,025	12,419,033	2,068,855

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

8. DF 5 - Credit risk mitigation: Disclosures for standardised approaches

DF 5 - Qualitative Disclosures

Potential credit losses from any given account, client or portfolio are mitigated using a range of tools such as collateral, netting agreements, guarantees and restructuring. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Risk mitigation policies determine the eligibility of collateral types. Collateral types for credit risk mitigation include cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees and letters of credit.

The above collateral types are applicable to all client segments, including, corporates and financial institutions, though exposures to banks are generally non-collateralised. There are well laid down policies and processes for valuation/revaluation of collaterals, covering source of valuation, independent professional valuations, hair-cuts/margins on collateral market values, re-margining requirements and re-assessment of credit limits. However, from a local regulatory perspective, the main "eligible" collaterals under the SA are restricted to cash (including fixed deposits) and units of mutual funds. These are mainly collateral against retail loans.

Collateral is valued in accordance with the Bank's lending policies, which prescribe the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired loans is recorded at fair value, which is revalued at least annually as prescribed in risk mitigation policy and procedures. In case of stock and book debts, monthly statements are obtained from the clients. In case of marketable securities listed on recognised exchanges, the valuation frequency is daily.

Guarantees taken can be categorised as follows:

- Guarantee from a bank (including central banks), or surety bond which is repayable on demand.
- Guarantee from a related corporate (including government owned commercial enterprises).
- Guarantee from an unconnected corporate.
- Guarantee from a government department, or an entity classified as government risk (excluding those classified as banks or commercial enterprises).
- Guarantee or indemnity from a SCB Group entity (subsidiary/associate or branch).
- Guarantee from one or more individuals.

DF 5 - Quantitative Disclosures

Nature and category of exposures	**31 March 2014 (₹ in 000s)**	31 March 2013 (₹ in 000s)
Exposure covered by eligible financial collateral after application of haircuts	**40,386,925**	47,534,545
Exposure covered by guarantees	**41,453,031**	19,312,520

9. DF 6 – Securitisation exposures: Disclosure for standardised approach

DF 6 - Qualitative Disclosures

Securitisation transactions are generally undertaken with the objective of credit risk transfer, liquidity management, meeting regulatory requirements such as priority sector lending and asset portfolio management. The Bank participates in securitisations in the role of originator, as well as, investor. In general, it provides credit enhancement services (as originator or as a third party), liquidity facilities, interest rate derivative products and acts as a service provider.

The key risks inherent in securitisation transactions include:

- Credit risk/market risk: risk arising on account of payment delinquencies from underlying obligors/borrowers in the assigned pool.
- Liquidity risk: risk arising on account of lack of secondary market to provide ready exit options to the investors/participants.
- Interest rate/currency risk: mark to market risks arising on account of interest rate/currency fluctuations.
- Prepayment risk: prepayments in the securitised pool results in early amortisation and loss of future interest to the investor on the prepaid amount.
- Co-mingling risk: risk arising on account of co-mingling of funds belonging to investor(s) with that of the originator and/or collection and processing servicer, when there exists a time lag between collecting amounts due from the obligors and payment made to the investors.

Monitoring credit risk

The Bank in the capacity of collection and processing agent prepares monthly performance reports which are circulated to investors/assignees/rating agencies. The securitised pools are continuously monitored and those requiring attention are subjected to specific interventions (e.g. focused collection efforts in affected geographies etc.) to improve their performance.

The risk assessment of the pools is done continuously by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor.

The Bank has not used credit risk mitigants to mitigate retained risks.

The Bank provides credit enhancements in the form of cash deposits or guarantees in its securitisation transactions and also provides credit enhancement as a third party. The Bank makes appropriate provisions for any delinquency losses assessed at the time of sale as well as over the life of the securitisation transactions in accordance with the RBI guidelines.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

9. DF 6 – Securitisation exposures: Disclosure for standardised approach (continued)

Summary of the Bank's accounting policies for securitisation activities

The Bank securitises advances to Special Purpose Vehicles (SPV). Securitised assets are derecognised if they are transferred to the SPV in compliance with all the conditions of true sale as prescribed in 'Guidelines on Securitisation transactions' vide circulars DBOD.No.B.P.BC-103/21.04.177/2011-12 dated 07 May 2012 and DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006 issued by the RBI. Securitisation transactions which do not meet the criteria for derecognition are accounted for as secured borrowings.

In accordance with the above referred circular, gain arising on securitisation is amortised over the life of the securities issued / to be issued by the SPV. Loss, if any, is recognised immediately in the Profit and Loss Account.

The Bank also follows the aforesaid principles to ascertain de-recognition of loans and advances through direct assignment and the gain arising upon such direct assignment is amortised over the life of the loans and advances sold. Loss, if any, is recognised immediately in the Profit and Loss Account.

In respect of credit enhancements provided or recourse obligations accepted by the Bank at the time of securitisation or direct assignment, appropriate provisions / disclosures are made in accordance with AS 29 – Provisions, Contingent Liabilities and Contingent Assets.

Pass Through Certificates purchased have been marked to market on the basis of the base yield curve and the applicable spreads as per the spread matrix relative to the weighted average maturity of the paper as notified by Fixed Income Money Market and Derivatives Association of India (FIMMDA).

Regulatory capital approach

As per the provisions of the Basel II/III framework, all banks have to mandatorily adopt SA for capital treatment of securitisation transactions. This approach requires use of external rating agencies for risk weighting securitisation exposures. The credit rating agencies used by the Bank for these types of exposures are those recognised by the RBI (refer section 7 – DF- 4 above).

DF 6 - Quantitative Disclosures

1. Banking Book

a) The outstanding exposures securitised by the Bank (in ₹ 000's) as on 31 March 2014: ₹2,526,770 (Previous Year: ₹6,033,207).

b) Securitisation losses recognised by the Bank during period ending 31 March 2014

	For the period ended 31 March 2014		For the period ended 31 March 2013	
Exposure Type	**Underlying Security Outstanding (₹ in 000s)**	**Losses (₹ in 000s)**	Underlying Security Outstanding (₹ in 000s)	Losses (₹ in 000s)
Corporate Loans	–	–	2,862,395	(82)

c) Assets intended to be securitised within a year – NIL (Previous Year: NIL).
The securitisation transactions are undertaken on a need basis to meet the objectives as disclosed above.

d) The total amount of exposures securitised with unrecognised gain / (loss)

	31 March 2014		31 March 2013	
Exposure Type	**Outstanding (₹ in 000s)**	**Unrecognised gain /(loss) (₹ in 000s)**	Outstanding (₹ in 000s)	Unrecognised gain /(loss) (₹ in 000s)
Housing Loans	**2,233,258**	**32,688**	2,826,202	54,774
Corporate Loans	**2,526,770**	**0**	3,207,005	16

e) Securitisation exposures retained or purchased

	31 March 2014		31 March 2013	
Exposure Type	**On Balance Sheet (₹ in 000s)**	**Off Balance Sheet (₹ in 000s)**	On Balance Sheet (₹ in 000s)	Off Balance Sheet (₹ in 000s)
Housing Loans	**755,104**	**1,328,508**	755,104	1,328,508
Vehicle Loans	**–**	**–**	–	100,000
	755,104	**1,328,508**	755,104	1,428,508

f) Aggregate amount of securitisation exposures retained or purchased and the associated capital charges

As at 31 March 2014

Exposure Type	**<100% risk weight (₹ in 000s)**	**100% risk weight (₹ in 000s)**	**>100% risk weight (₹ in 000s)**	**Total (₹ in 000s)**
Housing Loans	**–**	**–**	**2,083,612**	**2,083,612**
Capital Charge	**–**	**–**	**2,083,612**	**2,083,612**

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

9. DF 6 – Securitisation exposures: Disclosure for standardised approach (continued)

As at 31 March 2013

Exposure Type	<100% risk weight (₹ in 000s)	100% risk weight (₹ in 000s)	>100% risk weight (₹ in 000s)	Total (₹ in 000s)
Vehicle Loans	–	100,000	–	100,000
Capital Charge	–	9,000	–	9,000

g) Securitisation exposures deducted from capital

As at 31 March 2014

Exposure Type	**Exposures deducted entirely from Tier-1 capital (₹ in 000s)**	**Credit enhancing I/Os deducted from total capital (₹ in 000s)**	**Other exposures deducted from total capital (₹ in 000s)**
Housing Loans	**–**	**–**	**–**

As at 31 March 2013

Exposure Type	Exposures deducted entirely from Tier-1 capital (₹ in 000s)	Credit enhancing I/Os deducted from total capital (₹ in 000s)	Other exposures deducted from total capital (₹ in 000s)
Housing Loans	–	–	2,083,612

2. Trading Book

a) There are no outstanding exposures securitised for which the Bank has retained any exposure which is subject to Market Risk.

b) Securitisation exposures retained or purchased – On Balance Sheet and Off Balance Sheet.

As at 31 March 2014

Exposure Type	**On Balance Sheet (₹ in 000s)**	**Off Balance Sheet (₹ in 000s)**
Vehicle Loans	**11,276,112**	**–**
SME Loans	**1,504,134**	**–**
Direct Agriculture Lending	**4,86,887**	**–**
Total	**13,267,133**	**–**

As at 31 March 2013

Exposure Type	On Balance Sheet (₹ in 000s)	Off Balance Sheet (₹ in 000s)
Vehicle Loans	25,487,593	–
SME Loans	4,419,672	–
Total	29,907,265	–

c) Securitisation exposures retained or purchased

Risk Weight Bands	**31 March 2014 (₹ in 000s)**	31 March 2013 (₹ in 000s)
Exposures subject to Comprehensive Risk Measure for specific risk	**13,267,133**	29,907,265
Exposures subject to the securitisation framework for specific risk		
<100% risk weight	**13,267,133**	29,907,265
100% risk weight	**–**	–
>100% risk weight	**–**	–
Total	**13,267,133**	29,907,265

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

9. DF 6 – Securitisation exposures: Disclosure for standardised approach (continued)

d) Aggregate amount of the capital requirements for the securitisation exposures

Risk Weight Bands	31 March 2014 (₹ in 000s)	31 March 2013 (₹ in 000s)
<100% risk weight	**238,808**	538,331
100% risk weight	**–**	–
>100% risk weight	**–**	–
Total	**238,808**	538,331

e) Securitisation exposures deducted from capital

As at 31 March 2014

Exposure Type	Exposures deducted entirely from Tier-1 capital (₹ in 000s)	Credit enhancing I/Os deducted from total capital (₹ in 000s)	Other exposures deducted from total capital (₹ in 000s)
	–	**–**	**–**

As at 31 March 2013

Exposure Type	Exposures deducted entirely from Tier-1 capital (₹ in 000s)	Credit enhancing I/Os deducted from total capital (₹ in 000s)	Other exposures deducted from total capital (₹ in 000s)
	–	–	–

10. DF 7 - Market Risk in Trading Book

DF 7 - Qualitative Disclosures

The Bank recognises market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Bank is exposed to market risk arising principally from client-driven transactions. The objective of the Bank's market risk policies and processes is to obtain a balance of risk and return while meeting clients' requirements.

The primary categories of market risk for the Bank are interest rate risk, currency exchange rate risk, commodity price risk and equity price risk.

10.1. Market Risk Governance

The GRC approves the Group's market risk appetite taking account of market volatility, the range of products and asset classes, business volumes and transaction sizes. The Group Market and Traded Credit Risk Committee (GMTCRC), under authority delegated by the GRC, is responsible for setting VaR as the primary market risk measure within the Group's risk appetite. The GMTCRC is also responsible for policies and other standards for the control of market risk and overseeing their effective implementation. These policies cover both trading and non-trading books. At a country level, there is an independent market risk function to implement Group market risk policies/limits and to monitor the market risk exposures in accordance with Group and local governance/regulatory norms.

Market and Traded Credit Risk (MTCR) approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and position concentrations, where appropriate. For example, sensitivity measures are used in addition to VaR as a risk management tools. For example, Interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas, foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved. Option risks are controlled through revaluation limits on underlying price and volatility shifts and limits on volatility risk and other variables that determine the options' value.

The CRC, in conjunction with MTCR, provides market risk oversight, reporting and management of the market risk profile.

Value at Risk

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced six times per year.

Back Testing

To assess their predictive power, VaR models are back tested against actual results. Trading book Back testing is conducted against clean profit and loss, which is the actual profit and loss for a given business day, adjusted to remove the effect of certain items unrelated to market risk.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

10. DF 7 - Market Risk in Trading Book (continued)

Stress Testing

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. MTCR complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both, historical market events and forward looking scenarios. A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates and equity prices thereby covering asset classes in the Financial Markets (FM) non-trading and trading books. Ad hoc scenarios are also prepared, reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

10.2. Foreign Exchange Exposure

The foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange trading exposures are principally derived from client driven transactions.

10.3. Interest Rate Exposure

The interest rate exposures arise from trading and non-trading activities. Structural interest rate risk arises from the differing re-pricing characteristics of commercial banking assets and liabilities.

10.4. Derivatives

Structure and organisation of management of risk in derivatives trading

The derivatives business is managed by the front office with independent back office for confirmation and settlement of trades. A separate middle office team validates all the derivative transactions and the processing and settlement is done by the back office team. The market risk team is responsible for monitoring market risk limits for derivative instruments. VaR is the primary risk measure and supplemented by other limits like PV01 as required and appropriate. There is clear segregation of duties and different reporting lines to ensure independent monitoring and reporting.

Risk monitoring team

The Bank is exposed to market risk, liquidity risk, operational risk and credit risk on the derivatives portfolio. The Bank's risk management group, compliance group and internal audit group assist in identifying, assessing and monitoring of these principal risks in accordance with policies and procedures.

For further details please refer to para 12 (DF 9) below.

DF 7 - Quantitative Disclosures

For details please refer to market risk section under para 4 (DF 2 - Quantitative Disclosures)

11. DF 8 - Operational Risk

DF 8 - Qualitative Disclosures

OR is the potential for loss arising from the failure of people, processes, technology or the impact of external events. It is the Bank's objective to minimise exposure to OR, subject to cost trade-offs. The Bank's exposure to OR arises as a consequence of its business activities. The Bank seeks to control OR to ensure that operational losses do not cause material damage to the franchise.

The Group OR Management Framework governs the management of OR. The Group Operational Risk Committee (GORC) oversees the management of OR across the Group, supported by business, functional and country-level committees. Group OR is responsible for setting and maintaining standards for OR management and measurement. Locally, this is managed by the CORC, which exercises oversight of the Bank's OR exposures to ensure that it is managed in a manner consistent with the RMF. All OR committees operate on the basis of a defined structure of delegated authorities and terms of reference, derived from the GRC.

OR exposures are managed through a consistent set of management standards that drive risk identification, assessment, control and monitoring. These standards are challenged and revised regularly to ensure their ongoing effectiveness. The responsibility for daily management of OR exposures rests with businesses and functions as an integral component of their first line risk management responsibilities. In addition, specialist operational RCOs have responsibility for the management of OR arising from the following activities: legal processes, people management, technology management, vendor management, property management, security management, accounting and financial control, tax management, corporate authorities and structure and regulatory compliance. Each RCO is responsible for identifying risks that are material to the Group and for maintaining an effective control environment, which includes defining appropriate policies and procedures for approval by authorised risk committees.

Identified OR exposures are classified as 'Low', 'Medium', 'High' or 'Very High', in accordance with standard risk assessment criteria. Risks which are outside of set materiality thresholds receive a differential level of management attention and are reported to senior management and risk committees.

The Bank uses the BIA consistent with the RBI's capital adequacy requirements to assess its regulatory capital requirements for OR. Under the BIA, a pre-determined beta co-efficient is applied to the average income for the previous three years, to determine the OR capital requirement.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

12. DF 9 - Interest Rate Risk in the Banking Book (IRRBB)

DF 9 - Qualitative Disclosures

Interest rate risk from the non-trading book portfolios is transferred to FM where it is managed by the local ALM desk under the supervision of ALCO. This risk arises principally from the re-pricing mismatch between commercial assets and liabilities. The ALM desk also deals in approved financial instruments in the market to manage the net interest rate risk, subject to approved VaR and risk limits. VaR and stress tests are applied to non-trading book exposures in the same way as for the trading book and thus the primary risk measurement tool is VAR for the non-trading book. ALM also manages a portfolio of marketable securities primarily for the purpose of meeting the reserve requirements and the same is profiled as per its underlying risk factors. No prepayment assumptions are applied to the fixed rate commercial loan book and such loans follow the contractual maturity profiling method. For non maturing products like current accounts, savings accounts, cards and overdrafts, behavioural calculation is done to segregate the portfolio according to the balances expected to remain with the bank under non stress conditions for a year or more (core) or less than a year (non-core).

DF 9 - Quantitative Disclosures

The impact on market value of equity for a 200 basis upward move (in ₹ 000's) as at 31 March 2014 is ₹2,443,870 (previous year: ₹2,855,575).

Financial

13. DF 10 – Exposure related to Counterparty Credit Risk

DF 10 - Qualitative Disclosures

13.1. Credit Limits and Collaterals

Counterparty credit risk (CCR) is the risk that a Bank's counterparty defaults in a FX, interest rate, commodity or credit derivative contract prior to or at the maturity date of the contract and that the Bank at the time has a claim on the counterparty. The Credit Initiation and Approval Policy governs CCR; its management is the responsibility of CRC. The credit risk arising from all financial derivatives is managed as part of the overall credit limits to both financial institutions and other clients .

Exposure values for regulatory capital purposes on over the counter traded products are calculated according to the CCR Current Exposure Method (CEM). This is calculated as the sum of the current replacement cost and the PFE. The current replacement cost is the amount owed by the counterparty to the Bank for various financial derivative transactions. The PFE is an add-on based on a percentage of the notional principal of each transaction. These percentages are prescribed by the RBI in the guidelines and vary according to the underlying asset class and tenor of each trade.

The Group has a credit risk economic capital model which is managed centrally. The model uses obligor-level Monte Carlo simulation parameterised with internal data to capture various elements of credit risk including CCR.

The Bank seeks to negotiate Credit Support Annexes (CSA) to International Swaps and Derivatives Association master agreements with counterparties on a case-by-case basis, where collateral is deemed a necessary or desirable mitigant to the exposure. The credit terms of the CSA are specific to each legal document and determined by the credit risk approval unit responsible for the counterparty. The nature of the collateral will be specified in the legal document and will typically be cash or highly liquid securities.

A daily operational process takes place to calculate the MTM on all trades captured under the CSA. Additional collateral will be called from the counterparty if total uncollateralised MTM exposure exceeds the threshold and minimum transfer amount specified in the CSA. Additional collateral may be required from the counterparty to provide an extra buffer to the daily variation margin process.

The Bank further reduces its credit exposures to counterparties by entering into contractual netting agreements which result in a single amount owed by or to the counterparty through netting the sum of the positive (amounts owed by the counterparty) and negative (amounts owed by the Bank) MTM values of these transactions.

In India, the Bank follows SA for credit risk and hence no credit reserve is set aside. However, provisioning for the exposures on derivative contracts is made as prescribed by RBI Circular No. DBOD.No.BP.BC.2/21.06.201/2013-14 dated 01 July 2013.

13.2. Wrong Way Risk

Wrong way risk occurs when an exposure increase is coupled with a decrease in the credit quality of the obligor. For example, as the MTM on a derivative contract increases in favour of the Bank, the counterparty may increasingly be unable to meet its payment, margin call or collateral posting requirements. The Group/Bank employs various policies and procedures to ensure that wrong way risk exposures are monitored.

13.3. Impact of Credit Rating Downgrade

In line with market convention, the Bank negotiates CSA terms for certain counterparties where the thresholds related to each party are dependent on their External Credit Assessment Institution (ECAI) long term rating. Such clauses are typically mutual in nature. It is therefore recognised that a downgrade in the Group's rating could result in counterparties seeking additional collateral calls to cover negative MTM portfolios where thresholds are lowered.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

13. DF 10 – Exposure related to Counterparty Credit Risk (continued)

DF 10 - Quantitative Disclosures

Particulars	**31 March 2014 (₹ in 000s)**	31 March 2013 (₹ in 000s)
Gross positive fair value of contracts	**190,533,028**	135,017,013
Less: Netting benefits	**–**	–
Netted current credit exposure	**190,533,028**	135,017,013
Less: Collateral held (including type, e.g. cash, government securities, etc.)	**–**	–
Net derivatives credit exposure	**190,533,028**	135,017,013
Potential future exposure	**233,092,405**	222,927,458
Measures for exposure at default or exposure amount under CEM	**423,625,433**	357,944,470
Notional value of credit derivative hedges	**–**	–
Distribution of current credit exposure by types of credit exposure		
– Interest Rates	**101,103,588**	82,169,397
– Fx	**322,521,844**	275,775,073
Credit Derivative Transactions that create exposures to CCR (Notional Value)	**NIL**	NIL

For capital requirement details, refer “Minimum Regulatory Capital Requirements” under para 4 (DF 2 – quantitative disclosure) of this disclosure.

14. Other Key Risks

14.1. Liquidity Risk

Liquidity risk is the potential that the Bank either does not have sufficient liquid financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at excessive cost.

The Liquidity Risk Framework governs liquidity risk and is managed by ALCO. In accordance with that framework, the Bank maintains a liquid portfolio of marketable securities as reserve assets. The level of the Bank’s aggregate liquid reserves is in accordance with local regulatory minimum liquidity requirements.

14.2. Reputational Risk

Reputational risk is the potential for damage to the franchise, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the organisation or its actions.

The Reputational Risk Policy governs reputational risk and is managed by the CMG through its sub-committees (CRC and CORC), with responsibility for protecting the Group’s reputation locally to ensure that the Bank does not undertake any activities that may cause material damage to the Group’s franchise.

Reputational risk is recorded and reviewed by the Country Head of Corporate Affairs through the CRC. Whilst the CRC covers all forms of reputational risk in country, business related reputational risks are also discussed and escalated to Group Communications Management team.

A fast track reporting process outside the normal reporting process is in place to respond to ad hoc issues or events which pose potential reputational risk to the Bank. The process involves alerting the appropriate level of the Bank and the Group promptly to give as much time as possible for steps to be taken to limit damage to its reputation.

15. Monitoring

Monitoring of risk management is achieved through independent reviews by RCOs, GIA, Compliance, concurrent audits and spot checks by external specialists as required under regulations.

To ensure the effectiveness of risk management processes in maintaining the risk profile of the Bank within risk appetite, the Bank maintains a three ‘lines of defence’ framework - refer para 5.1 above for further details.

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

16. DF 11 - Composition of Capital as at 31 March 2014

	Basel III common disclosure template	Solo		Consolidated		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Ref No. (Section 17/DF 12) (₹ in million)**
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	**38,358**	**–**	**38,358**	**–**	**A1**
2	Retained earnings	**70,275**	**–**	**70,275**	**–**	**B6**
3	Accumulated other comprehensive income (and other reserves)	**68,386**	**–**	**67,684**	**–**	**B1+B3+B4+ B5+B7+B8+ C1+C3**
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	**–**	**–**	**–**	**–**	
	Public sector capital injections grandfathered until 1 January 2018					
5	Common share capital (plus share premium) issued by other regulated entities and held by third parties (amount allowed in group CET1)	**–**	**–**	**8,230**	**–**	**A2**
6	**Common Equity Tier 1 capital before regulatory adjustments**	**177,019**	**–**	**184,547**	**–**	
	Common Equity Tier 1 capital: regulatory adjustments					
7	Prudential valuation adjustments	**–**	**–**	**–**	**–**	
8	Goodwill (net of related tax liability)	**17**	**–**	**17**	**–**	**F1**
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	**4**	**15**	**8**	**33**	**F2**
10	Deferred tax assets	**4,878**	**19,511**	**4,883**	**19,534**	**G**
11	Cash-flow hedge reserve	**–**	**–**	**–**	**–**	
12	Shortfall of provisions to expected losses	**–**	**–**	**–**	**–**	
13	Securitisation gain on sale	**–**	**–**	**–**	**–**	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	**–**	**–**	**–**	**–**	
15	Defined-benefit pension fund net assets	**–**	**–**	**–**	**–**	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	**–**	**–**	**–**	**–**	
17	Reciprocal cross-holdings in common equity	**–**	**–**	**–**	**–**	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	**–**	**–**	**–**	**–**	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	**–**	**–**	**–**	**–**	
20	Mortgage servicing rights (amount above 10% threshold)	**–**	**–**	**–**	**–**	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	**–**	**–**	**–**	**–**	
22	Amount exceeding the 15% threshold	**–**	**–**	**–**	**–**	
23	of which: significant investments in the common stock of financial entities	**–**	**–**	**–**	**–**	
24	of which: mortgage servicing rights	**–**	**–**	**–**	**–**	
25	of which: deferred tax assets arising from temporary differences	**–**	**–**	**–**	**–**	

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

16. DF 11 - Composition of Capital as at 31 March 2014 (continued)

	Basel III common disclosure template	Solo		Consolidated		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Ref No. (Section 17/DF 12) (₹ in million)**
26	National specific regulatory adjustments (26a+26b+26c+26d)	–	–	–	–	
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	–	–	–	–	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	–	–	–	–	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	–	–	–	–	
26d	of which: Unamortised pension funds expenditures	–	–	–	–	
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	2	9	2	9	
	of which: HO Debit Balance (20%)	2	9	2	9	H
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	19,534	–	19,576	–	
28	**Total regulatory adjustments to Common equity Tier 1**	**24,435**	–	**24,487**	–	
29	**Common Equity Tier 1 capital (CET1)**	**152,584**	–	**160,060**	–	
	Additional Tier 1 capital: instruments					
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	–	–	–	–	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	–	–	–	–	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	–	–	–	–	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	–	–	–	–	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	–	–	–	–	
35	of which: instruments issued by subsidiaries subject to phase out	–	–	–	–	
36	**Additional Tier 1 capital before regulatory adjustments**	–	–	–	–	
	Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	–	–	–	–	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	–	–	–	–	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–	–	–	–	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) 10	–	–	–	–	
41	National specific regulatory adjustments (41a+41b)	–	–	–	–	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	–	–	–	–	

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

16. DF 11 - Composition of Capital as at 31 March 2014 (continued)

	Basel III common disclosure template	Solo		Consolidated		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Ref No. (Section 17/DF 12) (₹ in million)**
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	–	–	–	–	
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	–	–	–	–	
	of which:	–	–	–	–	
	of which:	–	–	–	–	
	of which:	–	–	–	–	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–	–	–	–	
43	Total regulatory adjustments to Additional Tier 1 capital	–	–	–	–	
44	Additional Tier 1 capital (AT1)	–	–	–	–	
44a	**Additional Tier 1 capital reckoned for capital adequacy**	–	–	–	–	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**152,584**	–	**160,060**	–	
	Tier 2 capital: instruments and provisions					
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	–	–	–	–	
47	Directly issued capital instruments subject to phase out from Tier 2	**19,248**	–	**19,248**	–	**D (Discount-ed Value)**
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–	–	–	–	
49	of which: instruments issued by subsidiaries subject to phase out	–	–	–	–	
50	Provisions	**9,201**	–	**9,223**	–	**B2*45%+ C2+E1+E2 +E3+E4**
51	**Tier 2 capital before regulatory adjustments**	**28,449**	–	**28,471**	–	
	Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	–	–	–	–	
53	Reciprocal cross-holdings in Tier 2 instruments	–	–	–	–	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–	–	–	–	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	–	–	–	
56	National specific regulatory adjustments (56a+56b)	–	–	–	–	
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	–	–	–	–	
56b	of which: Shortfall in the Tier 2 capital of majority owned	–	–	–	–	
	financial entities which have not been consolidated with the bank	–	–	–	–	
	Regulatory Adjustments Applied To Tier 2 in respect of	–	–	–	–	
	Amounts Subject to Pre-Basel III Treatment	–	–	–	–	
	of which: Investment in Subsidiaries	–	–	–	–	
	of which: [INSERT TYPE OF ADJUSTMENT	–	–	–	–	

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Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

16. DF 11 - Composition of Capital as at 31 March 2014 (continued)

	Basel III common disclosure template	Solo		Consolidated		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Ref No. (Section 17/DF 12) (₹ in million)**
57	**Total regulatory adjustments to Tier 2 capital**	–	–	–	–	
58	**Tier 2 capital (T2)**	**28,449**	–	**28,471**	–	
58a	**Tier 2 capital reckoned for capital adequacy**	**28,449**	–	**28,471**	–	
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	–	–	–	–	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**28,449**	–	**28,471**	–	
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**181,033**	–	**188,531**	–	
	Risk W eighted Assets in respect of Amounts Subject to Pre-Basel III Treatment of which:					
60	Total risk weighted assets (60a + 60b + 60c)	**1,450,365**	–	**1,463,443**	–	
60a	of which: total credit risk weighted assets	**1,238,896**	–	**1,249,158**	–	
60b	of which: total market risk weighted assets	**92,537**	–	**92,559**	–	
60c	of which: total operational risk weighted assets	**118,932**	–	**121,726**	–	
	Capital Ratios					
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	**10.52%**		**10.94%**		
62	Tier 1 (as a percentage of risk weighted assets)	**10.52%**		**10.94%**		
63	Total capital (as a percentage of risk weighted assets)	**12.48%**		**12.88%**		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	–	–	–	–	
65	of which: capital conservation buffer requirement	–	–	–	–	
66	of which: bank specific countercyclical buffer requirement	–	–	–	–	
67	of which: G-SIB buffer requirement	–	–	–	–	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	–	–	–	–	
	National minima (if different from Basel III)					
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	–	–	–	–	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	–	–	–	–	
71	National total capital minimum ratio (if different from Basel III minimum)	–	–	–	–	
	Amounts below the thresholds for deduction (before risk weighting)					
72	Non-significant investments in the capital of other financial entities	–	–	–	–	
73	Significant investments in the common stock of financial entities	–	–	–	–	
74	Mortgage servicing rights (net of related tax liability)	–	–	–	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	–	–	–	–	

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

16. DF 11 - Composition of Capital as at 31 March 2014 (continued)

	Basel III common disclosure template	Solo		Consolidated		
	Common Equity Tier 1 capital: instruments and reserves	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Basel III Amounts (₹ in million)**	**Amounts Subject to Pre-Basel III Treatment (₹ in million)**	**Ref No. (Section 17/DF 12) (₹ in million)**
	Applicable caps on the inclusion of provisions in Tier 2					
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	–	–	–	–	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	–	–	–	–	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	–	–	–	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	–	–	–	
	Capital instruments subject to phase-out arrangements (only applicable between 31 March 2017 and 31 March 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements	–	–	–	–	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	–	–	–	
82	Current cap on AT1 instruments subject to phase out arrangements	–	–	–	–	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–	–	
84	Current cap on T2 instruments subject to phase out arrangements	–	–	–	–	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	–	–	–	

17. DF 12 - Composition of Capital Reconciliation

			Balance sheet as in financial statements As on 31 March 2014 (₹ in million)	Balance sheet under regulatory scope of consolidation As on 31 March 2014 (₹ in million)	Ref. No. (Section 16/DF 11)
Capital & Liabilities					
i		**Paid-up Capital**	**38,358**	**46,588**	
		H.O. assigned Capital	**38,358**	**38,358**	**A1**
		Common share capital (plus share premium) issued by other regulated entities and held by third parties (amount allowed in group CET1)	–	**8,230**	**A2**
		of which: Amount eligible for CET1	**38,358**	**46,588**	
		of which: Amount eligible for At1	–	–	
ii		**Reserves & Surplus**	**157,101**	**156,399**	
	a	Statutory Reserves	**57,658**	**58,279**	**B1**
	b	Property Revaluation Reserve	**6,239**	**6,239**	**B2**
	c	Capital Reserves-Surplus on sale of immovable properties	**9,233**	**9,233**	**B3**
	d	Capital Reserves-Surplus on sale of Held To Maturity investments	**985**	**985**	**B4**
	e	Capital Reserve	**302**	**302**	**B5**
	f	Remittable Surplus retained in India for CRAR	**70,275**	**70,275**	**B6**

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

17. DF 12 - Composition of Capital Reconciliation (continued)

		Balance sheet as in financial statements As on 31 March 2014 (₹ in million)	Balance sheet under regulatory scope of consolidation As on 31 March 2014 (₹ in million)	Ref. No. (Section 16/DF 11)
g	Profit and Loss Account	11,430	9,981	
	a) Considered for Regulatory Consolidation	–	(1,449)	B7
	b) Not Considered for Regulatory Consolidation	11,430	11,430	
h	Exchange Reserve	1	1	B8
i	Property Investment Reserve	207	207	C1
j	Investment Reserve	771	771	C2
k	General Reserve	–	126	C3
Total Capital		**195,459**	**202,987**	
iii	**Deposits**	721,115	721,115	
	of which: Deposits from banks	30,827	30,827	
	of which: Customer deposits	690,288	690,288	
	of which: Other deposits (pl. specify)	–	–	
iv	**Borrowings**	114,870	118,948	
	of which: From RBI	57,270	57,270	
	of which: From banks	-	2,000	
	of which: From other institutions	8,991	8,991	
	of which: subordinated debt	29,958	29,958	D
	of which: Others (pl. specify)	18,651	20,729	
v	**Other liabilities & provisions**	278,565	279,663	
	of which: Provision for Countercyclical Buffer	750	750	E1
	of which: Provision Held for Sold NPA's	312	312	E2
	of which: Provision for Country Risk	64	64	E3
	of which: Provision for Standard assets	4,497	4,519	E4
	Total Capital & Liabilities	**1,310,010**	**1,322,713**	
Assets				
vi	**Cash and balances with Reserve Bank of India**	39,983	39,983	
vii	**Balance with banks and money at call and short notice**	33,937	35,730	
viii	**Investments**	283,876	284,028	
	of which: Government securities	235,962	235,962	
	of which: Other approved securities	–	–	
	of which: Shares	392	545	
	of which: Debentures & Bonds	14,293	14,293	
	of which: Subsidiaries / Joint Ventures / Associates	–	–	
	of which: Others (Commercial Papers, Mutual Funds etc.)	33,229	33,229	
ix	**Loans and advances**	684,227	693,126	
	of which: Loans and advances to banks	2,350	2,350	
	of which: Loans and advances to customers	681,877	690,776	
x	**Fixed assets**	18,325	18,449	
	of which: Goodwill	17	17	F1
	of which: Intangible	18	42	F2
xi	**Other assets**	249,662	251,398	
	of which: Deferred tax assets	24,388	24,417	G
	of which: HO Debit Balance	12	12	H
Total Assets		**1,310,010**	**1,322,713**	

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

18. DF 13 - Main Features of Regulatory Capital Instruments

S. NO.	Item	Details
1	Issuer	Standard Chartered Bank, India Branches
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument Regulatory treatment	-Reserve Bank of India Act, 1934 -Banking Regulation Act, 1949 -Circulars issued by Reserve Bank of India
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Ineligible
6	Eligible at solo/group/ group & solo	Solo and Group
7	Instrument type	Tier 2 Subordinated Debt
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	2 Tranches of Subordinated Debt raised from Head Office of which INR 19,248mn is the amount recognised as regulatory capital as at 31 March 2014
9	Par value of instrument	Tranche 1 US $250 million Tranche 2 US $250 million
10	Accounting classification	Liability (Borrowings Outside India -Subordinated Debt)
11	Original date of issuance	Tranche 1 - 3rd March 2008 Tranche 2 - 30th June 2008
12	Perpetual or dated	Dated
13	Original maturity date	Tranche 1 - 2nd March 2018 Tranche 2 - 29th June 2018
14	Issuer call subject to prior supervisory approval	Issuer call is subject to RBI regulations and approvals on the same
15	Optional call date, contingent call dates and redemption amount	Call option only in case of regulatory event but subject to RBI approval
16	Subsequent call dates, if applicable Coupons / dividends	NA
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Tranche 1 - LIBOR + 220 Basis Points Tranche 2 - LIBOR + 250 Basis Points
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non- Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to all other external liabilities
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	It does not contain write-down/conversion feature to enable loss absorbency

Risk review and disclosures under Basel III Framework
for the period ended 31 March 2014 continued

19. DF 14 - Full Terms and Conditions of Regulatory Capital Instruments

For details please refer to Para 18 table DF-13.

20. DF 15 - Disclosure Requirements for Remuneration

The Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of the RBI Circular No. DBOD No.BC.72/29.67/001/2011-12 dated 13 January 2012, the Regional Office of the Bank has submitted a declaration to RBI confirming the aforesaid matter. Accordingly no disclosure is required to be made in this regard.

Standard Chartered Branches in India

WEST

Ahmedabad

Abhijeet II, Ground Floor,
Mithakali 6 Road,
Ahmedabad 380 006
Tel: 079-26468300
Fax: 079-26470041

Bhopal

Ground floor, Northern wing,
Alankar Complex, Plot no. 10, Zone II,
M. P. Nagar, Bhopal 462 011
Tel: 0755-4218200
Fax: 0755-4218201

Chhinddwara

Sharma Complex, Ground Floor,
Plot No. 491, Ward No. 38 Parasia Road,
Chhinddwara 480 001, M. P.
Tel: 07162-2231160

Indore

D. M. Towers, 21/1,Race Course Road,
Indore 452 001
Tel: 0731-4206900
Fax: 0731-4206901

Jalgaon

Baba Plaza, Mumbai Nagpur Road,
Akashwani Square, Jalgaon 425 001
Tel: 0257-2237400
Fax: 0257-2237401

Mumbai

23-25, M. G. Road

23-25, M. G. Road, Mumbai 400 001
Tel: 022-67355692
Fax: 022-22852870

90, M. G. Road

90 M. G. Road, Mumbai 400 001
Tel: 2267350551
Fax: 2222623226

Andheri

Ameya House,
Raj Kumar Corner, J. P. Road,
Andheri West, Mumbai 400 058
Tel: 022-26774261/26794416/26794420
Fax: 022-26790237

Bandra - Waterfield Road

Unique Centre, Waterfield Road,
Bandra (W), Mumbai 400 050
Tel: 022-26457104
Fax: 022-26454953

Cresenzo, BKC

Crescenzo Building C-38/C-39 G Block,
Bandra kurla Complex,
Bandra (East), Mumbai 400 051
Tel: 022-61157038/022-61157033
Fax: 022-61157005

Borivali

Aditya Apartments, CTS No.639
Chandravarkar Road,
Borivali (W), Mumbai 400 092
Tel: 022-28924900

Breach Candy

87, Bhulabai Desai Road,
Breach Candy, Mumbai 400 036
Tel: 022-30042491/022-30042486/89
Fax: 022-23634299

Centre Point

Junction of Juhu & S. V.,
Santacruz, Mumbai 400 054
Tel: 022-22792426
Fax: 022-22623226

Chowpatty

Shree Pant Bhuvan, Sandhurust Bridge,
Chowpatty, Mumbai 400 007
Tel: 022-23682797
Fax: 022-23642173

Chembur

Garden Apartment, Diamond Garden
CHS Ltd., A Sores Road,
Chembur, Mumbai 400 071
Tel: 022-25201314/022-25213805/
022-25207391 • Fax: 022-25207390

Dadar N. C. Kelkar Road

Shivaji Mandir, N. C. Kelkar Road,
Dadar, Mumbai 400 028
Tel: 022-24210890/022-24385771/73
Fax: 022 24374097

Ghatkopar

170A Derasar Lane, Ghatkopar (E),
TPS II, Mumbai 400 077
Tel: 022-25015917,022-25015191,
022-25015682 • Fax: 022-25016220

Goregaon

201B/1, Western Express Highway,
Goregaon (E), Mumbai 400 063
Tel: 022-67373171

Lokhandwala

21-23, Samarth Vaibhav,
Off New Link Road, Lokhandwala,
Andheri (W), Mumbai 400 053
Tel: 022-26327702/6
Fax: 022-26340093

Santacruz

65-F, Vithalbhai Patel Road,
Santacruz (West), Mumbai 400 054
Tel: 022-26495519

Powai

Unit 101, Delta Building Hiranandani
Garden, Powai, Mumbai 400 076
Tel: 022-25707921/022-25707923/24

Vile Parle

B21, Sanghvi Paritosh,
V L Mehta Road, JVPD Scheme,
Vile Parle (W), Mumbai 400 049
Tel: 26145236
Fax: 26103720

Nagpur

Narang Towers, 27, Palm Road,
Nagpur 440 001
Tel: 0712-662-0700
Fax: 0712-6620710

Pune

Pune (JM Road)

364/365 Shreerang House,
Junglee Maharaj Road,
Shivaji Nagar, Pune 411 005
Tel: 020-30591070
Fax: 020-30591085

Kalyani Nagar

B2,Cerebrum IT Park,
Survey No:13/B1, B2, B3,
Survey No:14, Kumar City,
Vadgaonsheri,
Kalyani Nagar, Haveli,
Tel: 020-66803800
Fax: 020-66803815

Rajkot

Business Empire, 5, Jagnath Plot Corner,
Gymkhana Road, Rajkot 360 002
Tel: 0281-6626011
Fax: 0281-6626010

Surat

C. K. Tower, Towards Surat
Dumas Road, Parle Point,
Surat 395 007
Tel: 0261-2220108
Fax: 0261-2220078

Thane

Emerald Plaza, Block no. 2,
Hiranandani Meadows Pokahran Rd No. 2,
Thane 400 601
Tel: 022-21730902
Fax: 022-21730912

Vadodara

Gokulesh,
R. C. Dutt Road,
Vadodara 390 009
Tel: 0265-2320071
Fax: 0265-2322923

EAST

Bhubaneshwar

Plot no 3, Bapuji Nagar,
Janpath, Bhubaneshwar 751 009
Tel: 0674-2597485
Fax: 0674-2597681

Guwahati

G N Bardoloi Road, Ambari,
Guwahati 781 001
Tel: 0361-2632264
Fax: 0361-2543192

Howrah

49-Dobson Road, Howrah 711 101
Tel: 033-66160888
Fax: 033-26660551

Kolkata

M. G. Road

142 M. G. Road, Calcutta 700 001
Tel: 033-66134721
Fax: 033-66134700

19, N. S. Road
19 N. S. Road, Calcutta 700 001
Tel: 033-39120101
Fax: 033-22301696

Chowringhee
31 Chowringhee,
Calcutta 700 016
Tel: 033-66275301
Fax: 033-2226 3481

41, Chowringhee Road
Calcutta 700 071
Tel: 033-66279626
Fax: 033-22887501

21 A, Shakespeare Sarani
Calcutta 700 017
Tel: 033-22801619
Fax: 033-22907333

Church Lane
6 Church Lane, Calcutta 700 001
Tel: 033-22429200
Fax: 033-22428059

Gariahat
208 R. B. Avenue, Calcutta 700 029
Tel: 033-66137809
Fax: 033-2464 0669

Gurusaday Branch
G-08, Atria Mall, 23, Gurusaday Road,
Kolkata 700 019

Jodhpur Park
1/425 Gariahat Road South,
Jodhpur Park, Calcutta 700 068
Tel: 033-24733479
Fax: 033-24733038

Mani Square
Shop # G-3, Mani Square,
164/1, Maniktalla Main Road,
Salt Lake, Kolkata - 700 054
Tel: 033-23202060
Fax: 033-23202063

New Alipore Road
17 SA Nalini Ranjan Avenue
Calcutta 700 053
Tel: 033-23969770
Fax: 033-2396 6383

Rash Behari Avenue
163 Rash Behari Avenue,
Calcutta 700 019
Tel: 033-24664771 extn 20
Fax: 033-24664560

Salt Lake
CF347 Sector 1, Salt Lake,
Calcutta 700 064
Tel: 033-66160825
Fax: 033-23216205

Shyambazar-Bidhan Sarani
139C Bidhan Sarani,
Shambazaar, Calcutta 700 004
Tel: 033-25432706
Fax: 033-2555 5315

Shyambazar- R. G. Kar Road
21A, R. G. Kar Road, Shambazar,
Calcutta-700 004
Tel: 033-25548139

Patna
Bhagwati Dwaraka Arcade,
Plot No: 830 P, Exhibition Road,
Patna 800 001
Tel: 0612-2223158
Fax: 0612-2223136

Siliguri
City Plaza, Sevoke Road, Siliguri 734 001
Dist-Darjeeling, West Bengal
Tel: 0353-2643561
Fax: 0353-2643560

NORTH

Allahabad
2, Sardar Patel Marg. Civil Lines,
Allahabad 211 001
Tel: 0532-2427062

Amritsar
360, The Mall,
Amritsar Post Code 143 001
Tel: 0183-5003756
Fax: 0183-5014111

Chandigarh
SCO, 137-138 Sector 9C,
Madya Marg, Chandigarh 160 017
Tel: 172-5073884

Dayal Bagh (Agra)
4, Krishna Enclave, Near Bhagat Halwai,
Dayal Bagh Road,
Agra 282 005
Tel: 0562-2570442/43

Dehradun
Krishna Towers, 69 Rajpur Road,
Dehradun 248 001
Tel: 0135-3242061
Fax: 0135-3242090

Gurgaon
DLF Building No – 7A, DLF Cyber City,
Sector – 24/25/25A,
Gurgaon
Tel: 0124-4876033

Gurgaon, SCF-77- Sector 14
SCF-77 Sector 14, Gurgaon,
Harayana 122 001
Tel: 0124-4088702
Fax: 0124-4088701

Jalandhar
Plot No. 34, G. T. Road,
Jalandhar 144 001
Tel: 0183-5030325
Fax: 0183-5014111

Jaipur
H8, Bhagwat Bhawan,
Showroom #1, MI Road,
Jaipur 302 001
Tel: 0141-6452224

Jodhpur
9th, Chopasani Road, Jodhpur,
Plot No 839,G/F
Tel: 0291-2433879

Kanpur
16/105, M G Road, Kanpur 208 001
Tel: 0512-2306536
Fax: 0512-2304705

Lucknow
Narain Automobiles, 4,
Shanazaf Road, Lucknow 226 001
Tel: 0522-2201870
Fax: 0522-2201826

Ludhiana
SCO 16-17, Feroze Gandhi Market,
Ludhiana 141 001
Tel: 0161-5084030
Fax: 0161-5084031

Mathura
Pacific Mall, Plot No. C-1/B, Site B,
Industrial Area, Mathura 281 006
Tel: 0565-3206014
Fax: 0565-3206017

New Delhi

Barakhamba
Narain Manzil 23, BaraKhamba Road,
New Delhi 110 001
Tel: 011-41524419

Chanakyapuri
13, Malcha Marg, Chankyapuri,
New Delhi 110021
011-45874585
011-45874560

Dwarka
HL Wings, Pocket-4, Plot-2,
Sector-11(MLQ), Dwarka,
New Delhi 110 075
Tel: 011-45636501
Fax: 011-45636510

Greater Kailash
B-68, Greater Kailash Part I,
New Delhi 110 048
Tel: 011-46517896
Fax: 011-29246857

Greater Kailash II
M- 39, GFK II, Near Saviti Cinema,
New Delhi -110 048
Tel: 011-41669256
Fax: 011-41669258

H2 Connaught Circus

Hamilton House
Express Building, ITO,
Bahadur Shahzafar Marg,
New Delhi 110 001
Tel: 011-43593097
Fax: 011- 42512496

Janakpuri
B 1/517, Janakpuri, New Delhi 110 058
Tel: 011-41579038
Fax: 011-41021446

Karol Bagh
13/37, WEA, Arya Samaj Road,
Karol Bagh -110 005
Tel: 011-41546964
Fax: 011-41546963

New Friends Colony
20 Community Centre,
New Friends Colony,
New Delhi 110 065
Tel: 011-46605721
Fax: 011-41672306

Pitampura
A2, 3, 4, HB Twin Towers,
Netaji Subhas Place,
Wazirpur, Pitampura
Tel: 011-42470867
Fax: 011-42470880

Preet Vihar
Aditya Arcade, Plot No. 30,
Community Centre,
Preet Vihar New Delhi 110 092
Tel: 011-46107823
Fax: 011-46107849

Punjabi Bagh
41, Central Market,
Punjabi Bagh West 110 026
Tel: 011-42466792
Fax: 011-25228776

Saket
E-26 Saket, New Delhi 110 017
Tel: 011-41021456
Fax: 011-41021455

Sansad Marg
10 Sansad Marg, New Delhi 110 001
Tel: 011-49861198
Fax: 91-11-23340761

South Extension
M-1, South Extension Part II,
New Delhi 110 049
Tel: 011-4164862/41644865
Fax: 011-41644860

Noida
Brahm Datt Tower, Plot No. K -3,
Sector 18, NOIDA 201 301
Tel: 0120-4349254

Saharanpur
Mundarja No. 262, Delhi-Saharanpur-
Yamunotri Road, Saharanpur 247 001
Tel: 0132-2764855/0132-2764856

Udaipur
Ground Floor, Apex Square,
Bank Street Madhuban,
Udaipur (Raj) 313 001
Tel: 0294-5100926

SOUTH

Bangalore

Raheja Towers
Raheja Towers, 26/27, M. G. Road,
Bangalore 560 001
Tel: 080-30626242
Fax: 080-25584074

Residency Road
G2-G3, Prestige Poseidon,
139, Residency Road,
Bangalore 560 025
Tel: 080-41188952
Fax: 080-41188944

Serenity, Ground Floor,
112, Koramangala Industrial Area,
5th Block, Koramangala,
Bangalore 560 095
Tel: 080-67079501
Fax: 080-67079500

Chennai

Haddows Road
No 1 Haddows Road,
Chennai 600 006
Tel: 044-65716886
Fax: 044-28219660

Mount Road
Annanagar
Tel: 044-28517267
Fax: 044-28516491

Mylapore
29/30, Dr. Radhakrishnan Salai,
Raja Rajeshwari Towers,
Mylapore, Chennai 60004
Tel: 044-43526093
Fax: 044-28110060

Rajaji Salai
19,Rajaji Salai, Chennai 600 001
Tel: 040-30449005
Fax: 040-25342781

Sorrento, Adyar
No.6 Lattice Bridge Road,
Adyar, Chennai 600 020
Tel: 044-24460804
Fax: 044-24919473

T. Nagar, Chennai
Sagar Amar Court, 59-G. N. Chetty Road,
T. Nagar, Chennai 600 017
Tel: 044-28158707
Fax: 044-28152138

Coimbatore
509, D. B. Road, R. S. Puram,
Coimbatore 641 002
Tel: 0422-2550589
Fax: 0422-4366628

Ernakulam
HDFC House, M G Road, Ravipuram
Junction Ernakulam, Cochin 682 015
Tel: 0484-2358458
Fax: 0484-2358743

Willingdon Island
XXlv/1633, K. P. K. Menon,
Willingdon Island

Hyderabad
6-3-1090 Raj Bhawan Road,
Hyderabad 500 082
Tel: 040-42204312
Fax: 040-66256596

Jubliee Hills
Door No. 8-2-293/82/A/646A
Ground Floor, Road No.36, Jubilee Hills,
Hyderabad 500 033 SOMAJIGUDA
Tel: 040-23606701
Fax: 040-23606705

Secunderabad Branch
Ground Floor, Unit No.2, 2A & 3,
Ashoka Bhoopal Chambers, S P Road,
Secunderabad 500 003
Tel: 040-66907061
Fax: 040-66907060

Proddatur
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