Serial Number [●]
Strictly Confidential
Placement Document
Not for circulation

ING Vysya Bank Limited

(Our Bank was originally incorporated as The Vysya Bank Limited on March 29, 1930 under the Mysore Companies Regulation, 1917. The name of our Bank was changed to ING Vysya Bank Limited on December 7, 2002. Our Bank has been allotted CIN L85110KA1930PLC000124 under the Companies Act, 1956).

ING Vysya Bank Limited ("**ING Vysya**" or the "**Bank**") is issuing 14,394,475 equity shares at a face value of Rs. 10.00 each ("**Equity Shares**") at a price of Rs. 612.00 per Equity Share, including a premium of Rs. 602.00 per Equity Share, aggregating to Rs. 8,809.42 million ("**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, AS AMENDED ("SEBI REGULATIONS")

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE UPON CHAPTER VIII OF THE SEBI REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS"), AS DEFINED IN THE SEBI REGULATIONS.

Invitations, offers and sales of the Equity Shares shall only be made pursuant to this Placement Document together with the respective Application Form (defined hereinafter) and the Confirmation of Allocation Note (defined hereinafter). See "*Issue Procedure*" in this Placement Document. The distribution of this Placement Document or the disclosure of its contents without our prior consent to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document agrees to observe the foregoing restrictions, and to make no copies of this Placement Document or any documents referred to in this Placement Document.

This Placement Document has not been reviewed by the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE" and together with the BSE, the "Stock Exchanges") or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The Issue is meant only for QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

Investments in equity and equity-related securities involve a degree of risk and prospective investors should not invest any funds in this Issue unless they are prepared to take the risk of losing all or part of their investment. Prospective investors are advised to carefully read "Risk Factors" before making an investment decision in this Issue. Each prospective investor is advised to consult its advisers about the particular consequences to it of an investment in the Equity Shares being issued pursuant to this Placement Document.

The information on the Bank's website or any website directly or indirectly linked to the Bank's website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

All of the Bank's outstanding Equity Shares are listed on the Stock Exchanges. In-principle approvals under Clause 24(a) of the Equity Listing Agreements (as defined hereinafter) for listing of the Equity Shares have been received from the BSE and the NSE on June 25, 2013. Applications shall be made for the listing of the Equity Shares offered through this Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the Bank or the Equity Shares.

YOU MAY NOT BE AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of the Preliminary Placement Document has been delivered to the Stock Exchanges. A copy of the Placement Document has been filed with the Stock Exchanges.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY THE BANK SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (''**U.S. Securities Act**''), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) under the U.S. Securities Act or another available exemption from the registration requirements thereof, and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. For further details, see "*Selling Restrictions*" and "*Transfer Restrictions*".

This Placement Document is dated June 27, 2013.

JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS		
AXIS CAPITAL	CREDIT SUISSE	JM FINANCIAL

TABLE OF CONTENTS

NOTICE TO INVESTORS 1
REPRESENTATIONS BY INVESTORS 4
PRESENTATION OF FINANCIAL DATA 9
EXCHANGE RATES 10
INDUSTRY AND MARKET DATA 11
FORWARD LOOKING STATEMENTS 12
ENFORCEMENT OF CIVIL LIABILITIES 13
DEFINITIONS AND ABBREVIATIONS 14
SUMMARY OF THE ISSUE 19
SUMMARY OF BUSINESS 21
SUMMARY FINANCIAL INFORMATION 29
SUMMARY FIVE YEAR UNCONSOLIDATED RECLASSIFIED FINANCIAL INFORMATION AND KEY RATIOS 35
RISK FACTORS 37
MARKET PRICE INFORMATION 58
USE OF PROCEEDS 61
CAPITALISATION 62
DIVIDEND POLICY 63
SELECTED STATISTICAL INFORMATION 65
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 74
INDUSTRY OVERVIEW 95
OUR BUSINESS 109
REGULATIONS AND POLICIES 134
BOARD OF DIRECTORS AND SENIOR MANAGEMENT 147
ORGANISATIONAL STRUCTURE AND PRINCIPAL SHAREHOLDERS 154
ISSUE PROCEDURE 158
DISTRIBUTION AND SOLICITATION RESTRICTIONS 168
TRANSFER RESTRICTIONS 177
INDIAN SECURITIES MARKET 180
DESCRIPTION OF THE EQUITY SHARES 184
TAXATION 197
GENERAL INFORMATION 208
FINANCIAL STATEMENTS F-1
DECLARATION 210

NOTICE TO INVESTORS

We have furnished, and accept full responsibility for, all of the information contained in this Placement Document and to the best of our knowledge and belief, having made all reasonable enquiries, confirm that this Placement Document contains all information with respect to us and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to the Bank and the Equity Shares are, in every material respect, true and accurate and not misleading, the opinions and intentions expressed in this Placement Document with regard to us and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to us and are based on reasonable assumptions. There are no other facts in relation to us and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. Neither the JGCBRLMs nor any of their respective members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the JGCBRLMs, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on the JGCBRLMs nor on any person affiliated with the JGCBRLMs in connection with their investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of us and the merits and risks involved in investing in the Equity Shares.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or the JGCBRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of the Bank to any person, other than QIBs specified by the JGCBRLMs or their representatives, and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares have not been approved, disapproved or recommended by U.S. Securities and Exchange Commission, any other federal or state authorities in the U.S. or any regulatory authority in any other jurisdiction. No regulatory authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offense in the U.S. and may be a criminal offense in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Within the United States, this Placement Document is being provided only to persons who are reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act. Distribution of this Placement Document, in whole or in part, to any person other than the offeree specified by the JGCBRLMs or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized and any disclosure of its contents, without the prior written consent of the Bank, is prohibited. Any reproduction or distribution of this Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by us or the JGCBRLMs which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required.

Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of us and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this offering. In addition, neither we nor any of the JGCBRLMs are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from the Bank and review information relating to the Bank and the Equity Shares.

Each purchaser of the Equity Shares in this offering is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Bank under Indian law, including Chapter VIII of the SEBI Regulations and all relevant regulations and is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities.

This Placement Document contains summaries of certain terms of certain documents. All such summaries are qualified in their entirety by this reference.

The information on the Bank's website, www.ingvysyabank.com, any website directly or indirectly linked to the Bank's website, or on the websites of the JGCBRLMs, does not constitute nor form part of this Placement Document. Prospective investors should not rely on the information contained in, or available through such websites.

All references herein to "you" or "your" is to the prospective investors in the Issue.

CERTAIN U.S. MATTERS

THE EQUITY SHARES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURSUANT TO SECTION 4(a)(2) UNDER THE SECURITIES ACT OR ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF, AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THE EQUITY SHARES, SEE "TRANSFER RESTRICTIONS". THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PLACEMENT DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE, CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW

HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION, MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account including FII affiliates of the JGCBRLMs may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities (all such offshore derivative instruments are referred to herein as "**P-Notes**") listed or proposed to be listed on any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than a regulated entity. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not our securities and do not constitute any obligations of, claim on, or interests in us. We have not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to us. We do not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of any of the JGCBRLMs and do not constitute any obligations of, or claim on, any of the JGCBRLMs. Affiliates of the JGCBRLMs that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

REPRESENTATIONS BY INVESTORS

All references to "you" in this section are to the prospective investors in the Issue. By purchasing any Equity Share under the Issue, you are deemed to have represented to us and the JGCBRLMs and acknowledged and agreed as follows:

- You are a qualified institutional buyer as defined in sub-regulation 2 (1) (zd) of the SEBI Regulations ("**QIB**") and not excluded pursuant to Regulation 86 of the SEBI Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI Regulations;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges (additional restrictions apply if you are within the United States, see "*Selling Restrictions*" and "*Transfer Restrictions*");

- You have made, or been deemed to have made, as applicable, the representations and warranties as set forth under the sections titled "*Selling Restrictions*" and "*Transfer Restrictions*";

- You are aware that the Equity Shares have not been and will not be registered under the SEBI Stock-Brokers Regulations or under any other law in force in India. The Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. The Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on the websites of the Bank and the Stock Exchanges;

- You are entitled to subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honor such obligations;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Bank or its agents ("**Bank Presentations**") with regard to the Bank, the Equity Shares or the Issue; or (ii) if you have participated in or attended any Bank Presentations: (a) you understand and acknowledge that each of the JGCBRLMs may not have knowledge of the statements that the Bank or its agents may have made at such Bank Presentations and are therefore unable to determine whether the information provided to you at such Bank Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that each of the JGCBRLMs has advised you not to rely in any way on any information that was provided to you at such Bank Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

- Neither the Bank nor any of the JGCBRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions they may enter into in connection with the Issue. Your participation in the Issue is on the basis that you are not and will not up to the Allotment, be a client of any of the JGCBRLMs and that none of the JGCBRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and is in no way acting in a fiduciary capacity to you;

- All statements other than statements of historical fact included in the Placement Document, including, without limitation, those regarding the Bank's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to

be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of Placement Document. We assume no responsibility to update any of the forward-looking statements contained in the Placement Document;

- You have been provided a serially numbered copy of the Placement Document and have read the Placement Document in its entirety, including, in particular, "*Risk Factors*";

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment shall be on a discretionary basis;

- You have made, or been deemed to have made, as applicable, the representations set forth under "*Transfer Restrictions*";

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, the Bank shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- In making your investment decision, you have (i) relied on your own examination of the Bank and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of the Bank, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent advisors or otherwise have satisfied yourself concerning without limitation, the effects of local laws, (iv) relied solely on the information contained in the Placement Document and no other disclosure or representation by the Bank or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Bank and the Equity Shares and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- You are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Bank and/ or any of the JGCBRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by the Bank of any of its respective obligations or any breach of any representations and warranties by the Bank, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resale or distribution;

- None of the JGCBRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates has provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the JGCBRLMs when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against any of the JGCBRLMs or the Bank with respect to the tax aspects of the Equity Shares or the Issue or as a result of any tax audits by tax authorities, wherever situated;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a Promoter (as defined under the SEBI Regulations) of the Bank and are not a person related to the Promoters, either directly or indirectly, and your application for equity shares does not directly or indirectly represent the Promoters or Promoter group or a person related to the Promoters of the Bank;

- You have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters and no veto rights or right to appoint any nominee director on the Board of Directors of the Bank, other than such rights acquired in the capacity of a lender not holding any Equity Shares of the Bank and which shall not be deemed to be a person related to the Promoters;

- You have no right to withdraw your Application after the Bid/Issue Closing Date;

- You are eligible to apply for and hold Equity Shares so Allotted and together with any Equity Shares held by you prior to the Issue. You further, confirm that your holding upon the issue of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Application Form submitted by you would not eventually result in triggering a tender offer under the Takeover Code;

- To the best of your knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control as you, the Allotment under the present Issue shall not exceed 50.00% of the Issue. For the purposes of this statement:

  a. the expression 'belongs to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  b. 'control' shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code.

- You shall not undertake any trade in the Equity Shares credited to your Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;

- The shares that you apply for pursuant to the Preliminary Placement Document, when taken together with shares of the Bank, if any, already held by you and your "associated enterprises" (as defined in Section 92A of the Income Tax Act, 1961), shall at the time of allotment not constitute to an aggregate holding of five per cent or more of the paid up equity share capital of the Bank unless you have already obtained approval of RBI in terms of the RBI's circular BOD. No. PSBS.BC. 64/ 16.13.100/2003-2004 dated February 3, 2004 and RBI's circular DBOD. No. BP.BC.71/ 21.01.01/2004-05 dated February 28, 2005. Provided that your holding does not, without the further acknowledgment of the RBI, exceed your existing holding after Allotment;

- You are aware that after the completion of the Allotment process, the Bank shall apply for a post facto approval from the RBI in respect of this Issue and that in the event that RBI does not grant the post facto approval in respect of Allotment of Equity Shares to you, you shall be required to comply with the instructions received from the RBI in this regard;

- You are aware that applications have been made to the Stock Exchanges for in-principle approval for listing and admission of the Equity Shares to trading on the Stock Exchanges' market for listed securities and approval has been received from each of the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of clause 24(a) of the Equity

Listing Agreements, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, have been made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. The Bank shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the JGCBRLMs will have entered into a placement agreement with the Bank whereby each of the JGCBRLMs has, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use their best efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Placement Document is exclusively the responsibility of the Bank and that neither the Joint Global Coordinators and Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on our behalf of the Bank and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By participating in this Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Joint Global Coordinators and Book Running Lead Managers or us or any other person and neither of the Joint Global Coordinators and Book Running Lead Managers nor we nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that none of the Joint Global Coordinators and Book Running Lead Managers has any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act;

- If you are within the United States, you are a “qualified institutional buyer” as defined in Rule 144A under the Securities Act, and are acquiring the Equity Shares for your own account or for the account of an institutional investor who is a “qualified institutional buyer”, for investment purposes only, and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

- The only information you are entitled to rely on and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by any of the Joint Global Coordinators and Book Running Lead Managers (including any view, statement, opinion or representation expressed in any research published or distributed by any of the Joint Global Coordinators and Book Running Lead Managers or their respective affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of any of the Joint Global Coordinators and Book Running Lead Managers or their respective affiliates) or the Bank and none of the Joint Global Coordinators and Book Running Lead Managers will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Bengaluru, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document;

- You agree to indemnify and hold us and the Joint Global Coordinators and Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this section. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

- That the Bank, each of the Joint Global Coordinators and Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the representations, warranties, acknowledgements and undertakings which are given to the Joint Global Coordinators and Book Running Lead Managers on their own behalf and on behalf of the Bank and are irrevocable;

- That each of the representations, warranties, acknowledgements and undertakings set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document; or

2. warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of the Bank, its management or any scheme or project of the Bank;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL DATA

All references in this Placement Document to "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investors" are to the prospective investors in the Equity Shares, all references to "India" are to the Republic of India and the "Government" are to the Governments in India, central or state, as applicable. All references to "Rupees" or "Rs." are to the lawful currency of India. All references to "U.S. dollars", "dollars", "$", "USD" and "U.S.$" are to the currency of the United States of America.

Unless otherwise specified, the financial data in the sections "Summary of Business", "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Statistical Information" have been extracted by the Bank's management from the Bank's Unconsolidated Financial Statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011, converted from crores or thousands as the case may be, into millions and shown to the nearest million of Indian Rupees. The Unconsolidated and Consolidated Financial Statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 have been audited in accordance with Indian GAAS.

Our fiscal year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. GAAP as applied in India differs significantly in certain respects from IFRS and U.S. GAAP. We do not provide a reconciliation of our consolidated financial statements for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 to those of IFRS or U.S. GAAP and other accounting principles with which investors may be more familiar. For further details, see "Risk Factors".

In this Placement Document, certain monetary amounts have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the equity shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the equity shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar) based on the reference rates released by the Reserve Bank of India. In 1994, the Rupee was permitted to float fully for the first time. The exchange rate as at March 31, 2013 was Rs. 54.39 = U.S. $ 1. (*Source: Reference rate as released by the Reserve Bank of India*). No representation is made that the Rupee amounts actually represent such amounts in U.S. dollars or could have been or could be converted into U.S. dollars at the rates indicated, any other rates or at all.

On March 31, 2013 the exchange rate (RBI reference rate) was Rs. 54.39 to US$ 1.00. *(Source: www.rbi.org.in)*

	Period End	**Average[1]**	**High**	**Low**
Fiscal year:	(Rs. Per US$)			
2013	54.39	54.45	57.22	50.56
2012	51.16	47.95	54.24	43.95
2011	44.65	45.58	47.57	44.03
Quarter Ended:				
September 30, 2012	52.7	55.24	56.38	52.7
December 31, 2012	54.78	54.14	55.7	51.62
March 31, 2013	54.39	54.17	55.33	52.97
Month Ended:				
December 31, 2012	54.78	54.65	55.09	54.20
January 31, 2013	53.29	54.32	55.33	53.29
February 28, 2013	53.77	53.77	54.48	52.97
March 31, 2013	54.39	54.4	55.05	54.1
April 30, 2013	54.22	54.38	54.88	53.94
May 31, 2013	56.5	55.01	56.5	53.74

[1] *Average of the official rate for each working day of the relevant period.*

(Source: *www.rbi.org.in*)

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consist of estimates based on data reports compiled by professional organisations and analysts, data from other external sources, and on our knowledge of our revenues and markets in which we compete. This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In some cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Bank to rely on internally developed estimates. Unless stated otherwise statistical information included in this Placement Document pertaining to the various sectors in which we operate has been reproduced from trade, industry and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties, no facts have been deliberately omitted that would render the reproduced information inaccurate or misleading.

While we have compiled, extracted and reproduced this data from external sources, including the RBI, IRDA, AMFI, trade, industry or general publications and other third party sources, we accept no responsibility for accurately reproducing such data. Further, neither we nor the Joint Global Coordinators and Book Running Lead Managers have independently verified this data and neither we nor the Joint Global Coordinators and Book Running Lead Managers make any representation regarding the accuracy or completeness of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and we cannot assure potential investors as to their accuracy.

AVAILABLE INFORMATION

For so long as any Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, and the Bank is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Bank will furnish to any holder of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder, upon the request of such holder or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

FORWARD LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations, include, among others: (i) Volatility in interest rates and other market conditions; (ii) our ability to manage our risks and control the level of our NPAs; (iii) our ability to maintain cash reserves and the requisite SLR; (iv) our ability to maintain our capital adequacy ratio at the minimum level required by the RBI; (v) the ability of ING Bank N. V. to exercise substantial influence over the Board's and shareholders' decisions; (vi) fall in the value of our collateral or delays experienced in enforcing our collateral if borrowers default on their obligations; (vii) crystallisation of our significant contingent liabilities; (viii) volatility in income from our treasury operations; (ix) risk of fraud being committed by our employees; (x) our ability to manage the growth of our business; (xi) our ability to implement new business strategies; (xii) general economic conditions in southern India; and (xii) activities that may harm our business or reputation.

For further details, please refer to the factors discussed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Our Business".

All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability and other matters discussed in this Placement Document regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Our Business".

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and the Bank undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

The Bank is a company incorporated with limited liability under the laws of India. Some of our Directors are residents of India and substantially all of the assets of our Bank are located in India. As a result, it may not be possible for investors to effect service of process upon our Bank or such persons, outside India, or to enforce judgments obtained against such parties outside India predicated upon the laws of jurisdictions other than India, including the civil liability provisions of the United States federal or state securities laws.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable;
- where the proceedings in which the judgment was obtained were opposed to natural justice;
- where the judgment has been obtained by fraud; or
- where the judgment sustains a claim founded on a breach of any law then in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a signatory to the Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes or other charges of a like nature or of a fine or other penalties. The United Kingdom, United Arab Emirates, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code, but certain countries in the European Economic Area have not been so declared.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code but the United States has not been so declared. A judgment of a court of a country that is not a reciprocating territory may be enforced only by a new proceeding suit instituted in a court of India and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with Indian public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment and any such amount may be subject to income tax in accordance with applicable laws. In addition, any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of payment.

DEFINITIONS AND ABBREVIATIONS

Definitions and abbreviations of certain capitalized terms used in this Placement Document are set forth below:

Bank related terms

Term	Description
"ING Vysya" or "Bank" or "our Bank" or "Company" or "our Company" or "us" or "our" or "we" or "Issuer"	ING Vysya Bank Limited, a company having its registered office at ING Vysya House, No. 22, M.G. Road, Bengaluru 560 001.
Articles/Articles of Association	Articles of Association of our Bank.
Auditors	Statutory auditors of the Bank being B S R & Co., Chartered Accountants.
Board of Directors/Board	Our board of directors or a committee constituted thereof.
Consolidated Financial Statements	Our consolidated balance sheet and consolidated schedules forming part thereof, consolidated profit and loss account and consolidated schedules forming part thereof, consolidated cash flow statement and consolidated notes thereon, as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 which have been extracted by the Bank's management from the consolidated financial statements for the years ended March 31, 2013, March 31, 2012 and March 31, 2011, converted from crores or thousands as the case may be, into millions and shown to the nearest million of Indian Rupees. The consolidated financial statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 have been audited in accordance with Indian GAAS.
Director(s)	Directors on the Board.
Equity Shares	Our equity shares of face value of Rs. 10 each.
ESOS	Collectively the Employee Stock Option Scheme 2005, the Employee Stock Option Scheme 2007, the Employees Stock Option Scheme 2010, the Employees Stock Option Scheme 2013.
Financial Statements	The Consolidated Financial Statements and the Unconsolidated Financial Statements of the Bank
ING Bank N.V.	A company incorporated under the laws of Netherlands, having its registered office at De Amsterdamse Poort, 1102 MG, PO Box 1800, 1000. ING Bank N.V. is a wholly owned subsidiary of ING Groep N.V. and is the holding company of ING Mauritius Holdings and ING Mauritius Investments I, our promoter companies.
ING Groep N.V.	A company incorporated under the laws of Netherlands, having its registered office at Amstelveenseweg 500, 1081 KL, PO Box 810, 1000 AV Amsterdam, Netherlands.
Listing Agreement	Listing agreement entered into by the Bank with the Stock Exchanges.
Memorandum	The Memorandum of Association of our Bank.
Promoters	The promoters of our Bank being the following: a) ING Mauritius Holdings, a company incorporated under the laws of Mauritius on September 26, 1996, having its registered office at 355, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius; and b) ING Mauritius Investments I, a company incorporated under the laws of Mauritius on October 8, 1999, having its registered office at 355, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius.
Registered Office	The registered office of our Bank presently situated at ING Vysya House, 22, M.G. Road Bengaluru 560 001, Karnataka, India.
Subsidiary	Subsidiary of the Bank, namely ING Vysya Financial Services Limited, originally incorporated as The Vysya Bank Leasing Limited.
Unconsolidated Financial Statements	Summary statement of profit and loss, summary statement of assets and liabilities and summary cash flow statement of the Bank extracted by the Bank's management from the unconsolidated financial statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011, converted from crores or thousands as the case may be, into millions and shown to the nearest million of Indian Rupees. The unconsolidated financial statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 have been audited in accordance with Indian GAAS.

Issue related terms

Term	Description
Allocated/Allocation	The determination of successful QIBs pursuant to receipt of Application Forms from QIBs by the Bank in consultation with the Joint Global Coordinators and Book Running Lead Managers in compliance with Chapter VIII of the SEBI Regulations.
Allot/Allotment	Unless the context otherwise requires, the allotment of Equity Shares to successful QIBs pursuant to this Issue.
Allottees	Persons to whom Equity Shares of the Bank are issued pursuant to the Issue.
Application Form	The form pursuant to which the QIBs apply for the Allotment of the Equity Shares.
Bid Opening Date	June 25, 2013 i.e. the date on which the Bank (or the Joint Global Coordinators and Book Running Lead Managers on behalf of the Bank) shall commence the acceptance of duly completed Application Forms for the Issue.
Bid(s)	Indication of interest of a QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares
Bid/Issue Closing Date	June 27, 2013, i.e. the date on which the Bank (or the Joint Global Coordinators and Book Running Lead Managers on behalf of the Bank) shall cease the acceptance of duly completed Application Forms for the Issue.
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date inclusive of both days and during which prospective bidders can submit their bids, including any revisions thereof.
CAN/Confirmation of Allocation Note	Note or advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price.
Cut-off Price	The Issue Price of the Equity Shares which shall be finalized by us in consultation with the Joint Global Coordinators and Book Running Lead Managers.
Designated Date	The date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs mentioned in the CAN.
Escrow Account	A special account opened by the Issuer where application money shall be paid by QIBs by the Pay-In Date.
Floor Price	The floor price is Rs. 624.55 for the Issue of the Equity Shares, which has been calculated in accordance with Chapter VIII of the SEBI Regulations. The committee of the Board approved the Issue at a price of Rs 612.00 per Equity Share which is at a discount to the floor price in accordance with Regulation 85(1) of the SEBI Regulations and pursuant to the approval of the shareholders accorded on June 25, 2013.
Issue	The offer and sale of 14,394,475 Equity Shares to Qualified Institutional Buyers, pursuant to Chapter VIII of the SEBI Regulations.
Issue Price	A price per Equity Share of Rs. 612.00 finalized by the Bank, in consultation with the Joint Global Coordinators and Book Running Lead Managers.
Issue Size	The Issue of 14,394,475 Equity Shares aggregating to Rs. 8,809.42 million.
Joint Global Coordinators and Book Running Lead Managers/ JGCBRLMs	Axis Capital Limited, Credit Suisse Securities India Private Limited and JM Financial Institutional Securities Private Limited.
Placement Document	The Placement Document dated June 27, 2013, to be issued in accordance with Chapter VIII of the SEBI Regulations.
Preferential Allotment	The preferential issue of 15,605,525 Equity Shares to ING Mauritius Holdings and ING Mauritius Investments I at a price of Rs. 612.00 per Equity Share. The Board and the shareholders of the Bank by their resolutions dated May 17, 2013, and June 25, 2013 respectively have approved the Preferential Allotment of up to 15,605,525 Equity Shares which will take place on or about the date of determination of the Issue Price. The Preferential Allotment would be concluded simultaneously with the Allotment.
Preliminary Placement Document	The Preliminary Placement Document dated June 25, 2013 issued in accordance with Chapter VIII of the SEBI Regulations.
QIP	Qualified Institutions Placement as per Chapter VIII of SEBI Regulations.
Qualified Institutional Buyers/QIBs	A Qualified Institutional Buyer as defined under sub-regulation 2 (1) (zd) of the SEBI Regulations or such other persons as maybe permitted by applicable laws to acquire the Equity Shares pursuant to this Issue.
Regulation S	Regulation S under of the U.S. Securities Act.
Relevant Date	June 25, 2013 (i.e., the date of the meeting in which the Board or the committee thereof decides to open the Issue).

Conventional and General Terms/ Abbreviations

Term	Description
`/Rs./Rupees/INR	Indian Rupees.
AFS	Available for Sale.
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
ANBC	Adjusted Net Bank Credit, as per RBI guidelines.
ARB	Agricultural and Rural Banking.
ARMB	Asset Recovery Management Branch.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
ATMs	Automated Teller Machines.
Banking Regulation Act	The Banking Regulation Act, 1949, as amended from time to time.
Basel I	"International Convergence of Capital Measurement and Capital Standards" released by the Basel Committee on Banking Supervision in July 1988.
Basel II	"International Convergence of Capital Measurement and Capital Standards: A Revised Framework" released by the Basel Committee on Banking Supervision in June 2004.
Basel III	"A Global Regulatory Framework for more Resilient Banks and Banking systems" released by the Basel Committee on Banking Supervision in December 2010 (revised June 2011)
BSE	BSE Limited.
CAR	Capital Adequacy Ratio
CASA	Current Account and Savings Account.
CDSL	Central Depository Services (India) Limited.
CEO	Chief Executive Officer.
CIBIL	Credit Information Bureau (India) Limited.
Civil Code	The Code of Civil Procedure, 1908, as amended.
Companies Act/Act	The Companies Act, 1956, as amended.
CRR	Cash Reserve Ratio.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
DIFC	Dubai International Financial Centre.
ECGC	Export Credit Guarantee Corporation of India.
FDI	Foreign Direct Investment.
FEDAI	Foreign Exchange Dealers Association of India.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Fiscal Year/ /Fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FSMA	The Financial Services and Markets Act, 2000.
FVCI	Foreign Venture Capital Investor
GAAP	Generally Accepted Accounting Principles.
GAAS	Generally Accepted Accounting Standards.
Government/GoI	Government of India.
HFT	Held for Trading.
HNI	High Networth Individuals.
HTM	Held to Maturity.
HUF	Hindu Undivided Family.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
India	Republic of India.
Indian GAAP	Generally accepted accounting principles in India as applicable to banking companies in India.
IPDI	Innovative Perpetual Debt Instruments.
IRDA	Insurance Regulatory and Development Authority
IT	Information Technology.
IT Act	The Income Tax Act, 1961, as amended.
KYC	Know Your Customer.
MD	Managing Director

Term	Description
MF/MFs	Mutual Fund/s.
MIS	Management Information System.
MMRDA	Mumbai Metropolitan Region Development Authority.
NABARD	National Bank for Agricultural and Rural Development.
NBFC	Non-Banking Finance Company.
NHB	National Housing Board.
NPA	Non-Performing Asset.
NRI	Non-Resident Indian.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
PAN	Permanent Account Number.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
P-Notes	Derivative instruments such as participatory notes, equity-linked notes or any other similar instruments.
Prospectus Directive	European Parliament and Council Directive 2003/71/EC including any relevant implementing measure for the same in each Relevant Member State.
PTCs	Pass Through Certificates.
RBI	Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended.
RCC	Regional Collection Centre.
RIDF	Rural Infrastructure Development Fund.
RoC/ Registrar of Companies	The Registrar of Companies, Karnataka.
RRBs	Regional Rural Banks
SARFAESI Act	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
SCBs	Scheduled Commercial Banks
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI as amended, including instructions and clarifications issued by SEBI.
SEBI Stock-Brokers Regulations	The Securities and Exchange Board of India (Stock-Brokers and Sub-Brokers) Regulations, 1992.
SHG	Self Help Group.
SIDBI	Small Industrial Development Bank of India.
SLR	Statutory Liquidity Ratio.
SME	Small and Medium Enterprises
SPV	Special Purpose Vehicle.
SSI	Small Scale Industries.
Stock Exchanges	BSE and NSE.
STT	Securities Transaction Tax.
Takeover Code	Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
Tier I Capital	The core capital of a bank, which provides the most permanent and readily available support against unexpected losses. It comprises paid up capital, IPDI and reserves consisting of any statutory reserves, free reserves and capital reserves as reduced by equity investments in subsidiaries, intangible assets, and losses in the current period and those brought forward from the previous period.
Tier II Bonds	Unsecured subordinated bonds issued for Tier II capital adequacy purposes.
Tier II Capital	Undisclosed reserves, revaluation reserves (at a discount of 55%), general provisions and loss reserves (allowed up to a maximum of 1.25% of risk weighted assets), hybrid debt capital instruments (which combine certain features of equity and debt securities), investment fluctuation reserves and subordinated debt.
U.K.	United Kingdom.
U.S.	United States of America.
U.S. dollars, U.S.$, USD and dollars	The lawful currency of the United States of America.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.

Term	Description
VCF	Venture Capital Fund
WDV	Written Down Value.

Certain capitalized financial terms used in this Placement Document are set forth below:

Term	Description
Average Advances	Average of daily balances of advances outstanding for the relevant period
Average Borrowings (RBI/ Interbank/Tier II Bonds/IPDI/Others)	Average of daily balances of borrowings outstanding for the relevant period
Average Capital and Reserves	Average of monthly average capital and reserves
Average Demand Deposits	Average daily balances of demand deposits outstanding for the relevant period
Average Equity to Average Assets	Average capital and reserves/average working funds
Average Fixed Assets	Average of daily balances of fixed assets outstanding for the relevant period
Average Headcount	Average of the month-end number of employees for the relevant period
Average Investments	Average of daily balances of investments outstanding for the relevant period
Average of Daily Balances Outstanding	Average of 12 month end number of employees
Average Other Interest-Earning Assets	Average of daily balances of other interest-earning assets outstanding for the relevant period
Average Other Liabilities	Average of daily balances other liabilities outstanding for the relevant period
Average Other Non-Interest Earning Assets	Average of daily balances of other non-interest earning assets outstanding for the relevant period
Average Savings Deposits	Average of daily balances of savings deposits outstanding for the relevant period
Average Term Deposits	Average of daily balances of term deposits outstanding for the relevant period
Average Working funds	Average of Total assets of 12 days as reported to the RBI in Form X
CASA Ratio	Aggregate of current account and savings account to total deposits
Cost of Deposits	Interest on deposits/average deposits
Cost to Average Assets	Operating expenses/average working funds
Cost to Income Ratio	Operating expenses/(Net Interest Income plus other income)
Coverage Ratio	Coverage Ratio as of March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 are computed as per RBI circular No. DBOD.No.BP.BC.21/21.04.048/2012-13 dated July 2, 2012. Coverage Ratio as of March 31, 2009 is computed as (Gross NPA less Net NPA) to Gross NPA
Credit Deposit Ratio (Funded)	Advances/deposits
Gross NPA	Gross Non-performing Assets
Monthly Average Capital and Reserves	Two point average of capital and reserves at start date and end date of the month
Net Interest Income	Interest earned less interest expended
Net Interest Margin	Net Interest Income / Average Earning Assets
Net NPA	Net NPA as of March 31, 2013 is computed as per RBI circular No. DBOD.No.BP.BC.9/21.04.048/2012-13 dated July 2, 2012 Net NPA as of March 31, 2012 is computed as per RBI circular No.DBOD.No.BP.BC.12/21.04.048/2011-12 dated July 1, 2011 Net NPA as of March 31, 2011 is computed as per RBI circular No. DBOD.No.BP.BC.21/21.04.048/2010-11 dated July 1, 2010. Net NPA as of March 31, 2010 and March 31, 2009 are computed as per RBI circular No. DBOD.No.BP.BC.17/21.04.048/2009-10 July 1, 2009.
Net NPA Ratio	Net NPA / Net Advances
Return on Assets	Net profit/average working funds
Return on Average Equity	Net profit/(average capital and reserves)
Yield on Advances	(Interest/discount on advances/bills)/average advances

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document, including under "Risk Factors", "Use of Proceeds", "Placement", "Issue Procedure" and "Description of the Equity Shares".

Issuer	ING Vysya Bank Limited.
Issue Price	Rs. 612.00 per Equity Share.
Floor Price	The floor price is Rs. 624.55 for the Issue of the Equity Shares, which has been calculated in accordance with Chapter VIII of the SEBI Regulations. The committee of the Board approved the Issue at a price of Rs 612.00 per Equity Share which is at a discount to the floor price in accordance with Regulation 85(1) of the SEBI Regulations and pursuant to the approval of the shareholders accorded on June 25, 2013.
Issue Size	The issue of 14,394,475 Equity Shares aggregating to Rs. 8,809.42 million. A minimum of 10.00% of the Issue Size i.e. 1,439,448 Equity Shares shall be available for Allocation to MFs only. If no MF is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs.
Equity Shares outstanding prior to the Issue	156,725,333 Equity Shares having face value of Rs. 10 each are issued and outstanding immediately prior to the Issue.
Equity Shares outstanding after the Issue	Immediately after the Issue and the Preferential Allotment, 186,725,333 Equity Shares having face value of Rs. 10 each will be issued and outstanding.
Eligible Investors	QIBs as defined in sub-regulation 2 (1) (zd) of the SEBI Regulations and not excluded pursuant to Regulation 86 of the SEBI Regulations. See the section "*Issue Procedure – Qualified Institutional Buyers*" The list of QIBs to whom the Preliminary Placement Document and Application Form is delivered shall be determined by the Bank and Joint Global Coordinators and Book Running Lead Managers at their sole discretion.
Listing	Our Bank has obtained in-principle approvals in terms of Clause 24(a) of the Listing Agreements, for listing of the Equity Shares issued pursuant to the Issue from the Stock Exchanges. Our Bank will make applications to each of the Stock Exchanges after Allotment to obtain final listing and trading approval for the Equity Shares.
Preferential Allotment	The preferential issue of 15,605,525 Equity Shares to ING Mauritius Holdings and ING Mauritius Investments I at a price of Rs. 612.00 per Equity Share.
Lock in of shares allotted pursuant to the Preferential allotment	The Equity Shares allotted pursuant to the Preferential Allotment shall be locked in for a period of three year from the date of allotment.
Lock up	The Bank has agreed with the JGCBRLMs not to issue, offer, lend, sell, grant any option, right or enter into any contract for effecting the same or publicly announce any intention to enter into any such transaction or otherwise transfer or dispose of any Equity Shares, global depositary receipts or any securities convertible into or exercisable or exchangeable for Equity Shares whether any such transaction is to be settled by delivery of Equity Shares, global depositary receipts or such other securities, in cash or otherwise; for a period of 90 days starting from the Closing Date of the Placement Agreement without the prior written consent of the JGCBRLMs, which shall not be unreasonably delayed or withheld by JGCBRLMs, provided that these restrictions shall not apply to: (i) the Equity Shares to be issued pursuant to the Issue, (ii) Equity Shares or other securities issued or to be issued upon the exercise of an option or grant of any option under any employee stock option plans or schemes of the Bank and (iii) Equity Shares or other securities to be issued pursuant to any scheme of amalgamation or arrangement or otherwise in connection with any merger or acquisition of securities, businesses, property or other assets, joint ventures or other strategic corporate transaction.
Transferability Restriction	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on the floor of the Stock Exchanges. See the section "*Transfer Restrictions*".
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about July 3, 2013 ("**Closing Date**").
Ranking	The Equity Shares being issued shall be subject to the provisions of the Bank's Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing equity shares including rights in respect of dividends.

	The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Bank after the Closing Date, in compliance with the Companies Act. The shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act and the Banking Regulation Act. Also, see "*Description of the Equity Shares*" and "*Regulations and Policies*".
Use of Proceeds	The net proceeds of this Issue (after deduction of fees and commissions) are expected to be approximately Rs. 8,696.48 million. Subject to compliance with applicable laws and regulations, we intend to use the net proceeds received from the Issue to augment the capital of the Bank and for other general corporate purposes in accordance with the applicable laws . For details, please see "*Use of Proceeds*".
Risk Factors	See "*Risk Factors*" for a discussion of factors you should consider before deciding whether to buy our Equity Shares.
Pay-In Date	Last date specified in the CAN sent to the QIBs for payment of application money.
Security Codes :	
ISIN:	INE166A01011
BSE :	531807
NSE:	INGVYSYABK

SUMMARY OF BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with the more detailed information and our financial statements and summary consolidated and unconsolidated financial information that appear in the Financial Statements and Summary Financial Information chapters, respectively, in this Placement Document. Unless otherwise specified, all financial information in this section is stated on an unconsolidated basis. In addition, you should carefully consider the risks discussed under "Risk Factors" for an understanding of the risks associated with a purchase of our Equity Shares.

Overview

We are one of the oldest private sector banks in India with an 83-year long operating history offering a wide variety of wholesale and retail banking products and services to our customers.

We had 542 bank branches and extension counters (excluding nine RCCs and five ARMBs), 27 satellite offices and 500 ATMs across 376 locations, as on May 31, 2013. In addition, we provide delivery channels for our customers such as telephone banking, Internet banking and mobile banking.

We were ranked as one of the top five most trusted brands among private sector banks in India by the Economic Times Brand Equity – Nielsen survey in 2011. We were ranked as the third best small bank (defined as banks with balance sheet sizes less than Rs. 500,000 million) in the Fastest Growing Bank category and the fourth best bank overall by Businessworld Best Bank Awards 2012. We also won the CIO 100 Award for 2009-2012, The Asian Banker's prestigious award for Best Corporate Internet Banking Initiative 2012, MasterCard innovation awards for our e-commerce business and activation and usage programs to increase spending in 2012 and several DQ CIOL Special Mentions.

The table below sets forth certain key operational and financial information and data about the Bank for Fiscal 2011, 2012 and 2013:

(Rs. in millions, except percentages and branch numbers)

	As of and for the year ended March 31, 2013	**As of and for the year ended March 31, 2012**	**As of and for the year ended March 31, 2011**
Number of branches / extension counters	542	527	510
Total advances	317,720	287,367	236,021
Total customer assets	343,704	293,045	241,422
Total assets	548,364	470,005	390,140
Total deposits	413,340	351,954	301,942
CASA Ratio	32.50%	34.23%	34.64%
Net Interest Margin	3.52%	3.30%	3.25%
Cost to Income Ratio	56.18%	59.11%	61.75%
Net profit	6,130	4,563	3,186
CAR	13.24%	14.00%	12.94%
Gross NPA	1.76%	1.92%	2.30%
Net NPA	0.03%	0.18%	0.39%
Return on Asset	1.26%	1.09%	0.89%
Provision coverage	98.40%	90.67%	83.41%

Our Bank was originally incorporated as "The Vysya Bank Limited" on March 29, 1930 with limited liability under the Mysore Companies Regulation, 1917. We received our certificate of commencement of business on July 24, 1930. We were granted a license to carry on the banking business in India under the Banking Regulation Act, 1949, by the RBI on June 6, 1958. We are a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

We are part of ING Group, a global financial conglomerate of Dutch origin. ING Group also has its presence in India through ING Investment Management (India) Private Limited. After acquiring Bank Brussels Lambart in 1998, which had made strategic investments in our Bank between 1996 and 2002,

the ING Group increased its stake further in our Bank, including through subscription to a rights issue in May 2005 and preferential allotments in November 2007, September 2009 and June 2011.

ING Vysya Financial Services Limited is our wholly owned subsidiary engaged in the business of non-fund/fee based activities of marketing and distribution of various financial products/services of the Bank.

While serving the SME segment and the trading community has been our traditional strength, we have expanded our offerings to include a comprehensive range of banking services that cater to large corporations as well as retail and HNI clients.

Our principal business activities are organized into two segments: wholesale banking and retail banking.

Wholesale Banking

Our wholesale banking business provides our corporate clients in India a range of commercial, transactional and electronic banking products. Our wholesale banking business comprises five business sub-segments that offer a set of products. The business sub-segments are (i) large corporates group; (ii) emerging corporates group; (iii) banking and financial institutions group; (iv) international clients group; and (v) financial markets group.

We offer client-focused products and services, including (i) liability products, including current accounts, term deposits and mutual funds distributed by the Bank; (ii) loan products, including general lending, working capital and term loan, securitisation and structured finance; (iii) financial market products, including foreign exchange and hedging and structured products; (iv) trade products, including letter of credit, stand-by letter of credit and guarantee, export and import financing and remittances; (v) cash management products, including account services, receivable and payable, liquidity management and Web-based electronic platform; (vi) debt capital market products, including syndicated loans, bonds and negotiable certificate of deposit, securitisation, and structured products; and (vii) corporate finance products, including mergers and acquisitions, divestments, strategic alliances and advisory services.
Companies generally having annual sales turnover above Rs. 15,000 million are serviced by our large corporates group. Our emerging corporates group serves clients generally having an annual sales turnover ranging from Rs. 1,500 million to Rs. 15,000 million at the time they become clients. Our banking and financial institutions group caters to banking needs of banks, financial institutions and financial intermediaries, including NBFCs, insurance companies and mutual funds. Our international clients group focuses on serving MNCs with operations in India. This group benefits significantly from ING's global network that helps us gain access to ING's core clients with India business and provide seamless delivery of services across geographies. Our financial markets group is supported by the ING Group's network and capabilities, and provides a wide range of financial products to large corporates and SMEs as well as caters to individual customers' needs. We offer competitive pricing and efficient services across markets and a comprehensive list of financial products.

Retail Banking

Our retail banking business provides an entire suite of products that are aimed at meeting the needs of individuals and small corporates in India.

Our retail banking business is categorised into two segments, *i.e.*, retail liabilities and retail assets. The branch banking group and the private client group are our two retail liabilities sub-segments. The consumer loans group, business banking group and the agricultural and retail banking group are our three retail assets sub-segments.

Our branch banking group provides multiple products, including savings, current and fixed deposits accounts, through our pan-Indian network of 542 branches and extension counters (excluding nine RCCs and five ARMBs) and 500 ATMs as of May 31, 2013. Our branch banking group also provides wealth management products and services, insurance products, bill payment solutions, gold sales, foreign exchange services, multi-currency prepaid cards, lockers, internet banking, mobile banking and

phone banking services to our customers. Our private client group provides wealth management solutions to HNIs and entities, including individuals, families, small businesses, trusts and institutions.

Our consumer loans group provides loans secured against home, gold and vehicle and personal loans products, and offers cross-selling opportunities to our existing customers. Our business banking group focuses on micro, small and medium-sized enterprises with turnover of generally up to Rs. 1,500 million. We believe that our understanding of market segments, extensive market experience and ability to maintain and manage our loan portfolios enable our growth in business banking and lead to a low gross and net NPA levels. Our ARB group provides products specifically targeting agricultural customers in the rural areas, including Kisan credit cards and revolving credit products, produce loans and agriculture term loans, and tailored credit products for poultry, dairy, agriculture, cold storage and logistics businesses.

Strengths

We believe that the key strengths that distinguish our Bank in a competitive Indian financial sector include:

Improved operational efficiency and customer satisfaction leading to growth and profitability

We have implemented various initiatives with the objective of improving our operational efficiency particularly in the areas of branch and employee productivity. In Fiscal 2013, our cost/income ratio decreased to 56.18% from 64.52% in Fiscal 2009. The table below sets forth certain information on our yield on advances, cost of deposits and cost/income ratio from Fiscal 2009 to Fiscal 2013:

Fiscal Year	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Yield on Advances	11.88%	11.53%	10.05%	10.54%	11.48%
Cost of Deposits	7.25%	6.99%	5.25%	5.33%	6.83%
Net Interest Margin	3.52%	3.30%	3.25%	3.22%	2.84%
Cost/Income Ratio	56.18%	59.11%	61.75%	55.73%	64.52%
Return on Average Assets	1.26%	1.09%	0.89%	0.80%	0.70%

Note: Data for Fiscal 2009 and Fiscal 2010 are extracted from the information set forth in "summary unconsolidated reclassified financial information and key ratios" in this Placement Document

Our business per employee and average CASA per branch also increased from March 31, 2009 to March 31, 2013:

(Rs. in millions)

Fiscal Year	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010	As of March 31, 2009
Business per employee*	67	56	50	47	46
Average CASA per branch**	179	176	162	135	114

** Indicates aggregate of customer assets and deposits less interbank deposits by the Bank*
Note: Business and CASA data for Fiscal 2009, 2010, 2011 and 2012 have been regrouped/reclassified for the purposes of presentation and convenient comparison as per the classifications applicable to the audited balance sheet of the Bank as at March 31, 2013

We believe that the improved efficiencies described above have contributed to our overall growth and profitability since Fiscal 2009 as described in the table below:

(Rs. in millions)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Customer assets	343,704	293,045	241,422	189,488	169,849
Deposits	413,340	351,954	301,942	258,653	248,895
Net Total Income*	22,655	18,781	16,615	14,501	11,973
Profit after tax	6,130	4,563	3,186	2,422	1,888

**Net total income is net interest income and other income. For Fiscal 2010, net total income also includes exceptional items, being prior period income*
Note: Data for Fiscal 2009 and Fiscal 2010 have been regrouped/reclassified for the purposes of presentation and convenient comparison as per the classification applicable to the audited financial statements of the Bank for the Fiscal year 2012-13

Our improved operational efficiency, effected through implementing technological innovations, multiple delivery channels and adopting efficient processes for our personnel, has enabled us to increase our business volume and improve our customer satisfaction.

We have leveraged technology through customer-centric solutions, including core banking, internet banking and mobile banking. The IT strategy of our Bank has supported business initiatives by continuously updating and upgrading our technology and process platforms. All our branches across the country are networked and connected to our core banking system. Through our 'Customer First' initiative, we have used technology to open new accounts through pre-generated kits and to improve channel access processes. We have also implemented 'straight through processing' of all customer requests like cheque book replenishments, account transfers and account closures across technology application systems and operations processes through automation and process re-engineering. We have a disaster recovery system in Hyderabad which maintains back-up data for critical applications. The focus of our technological initiatives has included supporting business through implementation of a service-oriented architecture which we believe has resulted in a shorter time to market. We have also received external recognition for our efforts, including the CIO 100 Award since 2009, The Asian Banker's prestigious award for Best Corporate Internet Banking Initiative 2012, MasterCard innovation awards for best e-commerce business and best activation and usage program to increase spending in 2012, and several DQ CIOL Special Mentions. We have rolled out ITIL/ISO 20000-based processes and these have been regularly audited by our internal audit team.

Improving asset quality while maintaining a balanced portfolio

We have focused on and achieved improvement in our Bank's asset quality in recent years. During Fiscal 2013, our gross advances and deposits increased by 10.58% to Rs. 323,403 million and by 17.44% to Rs. 413,340 million, respectively. During the same period, our net NPA ratio and gross NPA ratio decreased from 0.18% and 1.92%, respectively, in Fiscal 2012 to 0.03% and 1.76%, respectively, in Fiscal 2013. As of March 31, 2013, our gross NPAs stood at Rs. 5,702 million. Further, during Fiscal 2013 our provision cover increased to 98.40% and our net profit increased by 34.33% to Rs. 6,130 million.

The following table provides certain unaudited performance indicators for the period from Fiscal 2009 to Fiscal 2013:

(Rs. in millions, except percentages)

	As of March 31, 2013	**As of March 31, 2012**	**As of March 31, 2011**	**As of March 31, 2010**	**As of March 31, 2009**
Gross NPA**	5,702	5,629	5,532	5,572	3,132
Gross NPA Ratio**	1.76%	1.92%	2.30%	2.96%	1.86%
Net NPA Ratio	0.03%	0.18%	0.39%	1.20%	1.20%*
Coverage Ratio	98.40%	90.67%	83.41%	60.19%	36.01%

**Net NPA Ratio has been calculated as per the definition of Net NPA in this Placement Document and is different from how Net NPAs were computed in the Bank's unconsolidated financial statements as at and for the year ended March 31, 2009.*
***Gross NPA and Gross NPA Ratio has been calculated before technical write-off.*

We successfully lowered our net NPA ratio through a robust risk management and asset quality control policy that was monitored at the highest levels of our management and was based on a thorough review of key risk areas of credit risk, market risk and operational risk. Our risk management brings together best practices across three core areas – risk methodology, risk policy and risk processes and procedures. For more information, please see the "Risk Management" subsection herein.

The composition of our advances and customer assets as on March 31, 2013 is as below:

Business segment	**Percentage Composition of Total Advances as of March 31, 2013**	**Percentage change from Fiscal 2012**
Wholesale banking	35.15%	(8.59)%
Business banking	36.08%	26.05%
Agriculture and Rural banking	8.83%	73.36%
Mortgages	16.07%	10.39%
Others	3.88%	4.33%
TOTAL	100.0%	10.58%

Business segment	**Percentage Composition of Total Customer Assets as of March 31, 2013**	**Percentage change from Fiscal 2012**

Business segment	Percentage Composition of Total Customer Assets as of March 31, 2013	Percentage change from Fiscal 2012
Wholesale banking	38.98%	7.24%
Business banking	33.95%	26.05%
Agriculture and Rural banking	8.31%	73.36%
Mortgages	15.12%	10.39%
Others	3.65%	4.33%
TOTAL	100.0%	17.29%

Extensive distribution infrastructure

We offer our services and products through an extensive multi-channel distribution network comprised of 542 bank branches and extension counters (excluding nine RCCs and five ARMBs), 27 satellite offices and 500 ATMs across 376 locations as on May 31, 2013.

Our branch network was largely concentrated in Andhra Pradesh, Karnataka, Tamil Nadu and Kerala (the "**Southern States**"). On March 31, 2009, 118 out of our 478 branches (excluding nine RCCs and five ARMBs) (or 24.69%) were located outside the Southern States. As of May 31, 2013, we had 179 branches out of our total number of 542 branches and extension counters (excluding nine RCCs and five ARMBs) (or 33.03%), located in regions outside the Southern States, which indicates our growth and increased pan-India presence. Our business (advances and deposits) conducted in states and regions outside the Southern States increased from 46.14% out of our total business (advances and deposits) as of March 31, 2009 to 61.86% as of March 31, 2013.

In addition to increasing the number of our branches, including expanding our branch network in northern and western India, we have also enhanced the number of delivery channels through which our customers access our products, including mobile banking, internet banking and phone banking.

We believe our extensive presence and variety of distribution channels increases our ability to acquire and retain customers and enables us to provide better service to our existing customers.

Association with ING Groep N.V.

Our Promoters, ING Mauritius Holdings and ING Mauritius Investments I, are wholly-owned subsidiaries of ING Bank N.V. ING Bank N.V., in turn, is a wholly owned subsidiary of ING Groep N.V., rated by Fortune magazine as one of the world's largest financial services groups (the "**ING Group**"). The total assets of the ING Group stood at 1.2 trillion Euros and its assets under management at 322 billion Euros as of December 31, 2012 with revenues of 43 billion Euros for the financial year ended December 31, 2012. Further, as on December 31, 2012, the ING Group has a presence in over 40 countries and has over 84,000 employees.

Our association with the ING Group helps us gain a better understanding of global financial markets and has also enabled us to obtain referrals from offshore customers, including large multi national corporation ("**MNC**") clients of the ING Group network, thereby expanding our customer base. We also introduce our Bank's customers to the services offered by the ING Group. We offer certain products and services from entities owned by the ING Group network including insurance products from investment services from ING Investment Management (India) Private Limited.

We have also sought to gain an understanding of, and adopt, international best practices and know-how from the knowledge base of the ING Group network. Our Bank entered into a service level agreement with ING Bank NV in 2007, which has since been superseded by service level agreements entered into in 2009 and 2012 (the "SLA"), in order to enable our Bank to benefit from the intellectual property, expertise and knowledge of ING Bank NV, and to develop compatible financial reporting systems. The SLA is automatically renewed for successive one-year periods unless terminated based on certain grounds specified in the SLA. The SLA recognises our Bank's absolute right to accept or not to accept any advisory service rendered by the ING Bank NV. Under the terms of the SLA, our Bank may obtain advice from our counterparts in ING Bank NV, for all exposures, excluding settlement and intra-day limits, that are over 25 million Euros equivalent for a single borrower and over 50 million Euros equivalent for one-obligor group. Our Bank also may seek necessary advice from ING Bank NV regarding restructuring exposures that are over 7.5 million Euros. The corporate audit services bank

management team of the ING Bank NV will advise on appointment, replacement, appraisal of the chief audit executive and other key audit staffs of our Bank.

We believe that our association with the ING Group, as well as our ability to leverage the ING brand and the capabilities and client network of the ING Group enhance our ability to compete.

Professional management and personnel

We have a professionally-managed Board that oversees and guides our strategy and operations. The members of our Board and our management team have the necessary experience in banking, come from a diverse set of backgrounds and have domain expertise in various sectors we serve and in various areas of our business operations, including marketing, technology and systems, risk management and credit recovery. The expertise of our Board and management team contributes to our in-depth understanding of the sector-specific aspects of our business and each part of our operations. The diversity of such experience helps us adopt a creative and cross-functional approach. We believe that we provide a strong culture of partnership, ownership, commitment and entrepreneurial spirit.

We have been able to build and retain a team of talented professionals with relevant experience in credit evaluation, risk management, retail products, wholesale banking, treasury, technology and other critical areas. We believe our continued initiative of recruiting qualified and experienced personnel, both in management and operative functions, will enable us to deliver on the challenges presented by our growth and expansion. In the recent years, we have recruited many lateral hires from foreign banks and domestic private sector banks to improve the management depth.

We have also implemented a structured talent identification process and succession plan for the identification of successors for each line of business and support functions.

Diversified fee income

We have diversified our fee income across products such as insurance, investments, asset processing fees and advisory fees. We also offer cash management and trade services through our Global Transaction Services ("**GTS**") group where the Bank partners with clients by utilizing its experience and expertise in delivering cost-effective and customized solutions. Foreign exchange income generated through merchant sales has also been an important source of revenue for the Bank. Wholesale banking and retail banking have both contributed to the growth in fee income. The diversification has also resulted in stability and consistency in total income growth.

For Fiscal 2013, 2012, and 2011, our non- interest income was Rs. 7,269 million, Rs. 6,698 million and Rs. 6,550 million, respectively, representing 32.08%, 35.66%, and 39.42% of our total income, respectively.

Strategies

Our objective is to enhance our position as a premier provider of banking and other financial services in India. We intend to grow faster than the market while maintaining sound asset quality. Some of our key business strategies are as follows:

Grow and leverage our distribution network

We intend to continue to drive productivity and efficiency through our expanding branch network with a focus on client acquisition, cross selling and driving profitable new product and customer segments. We have obtained licenses from the RBI to open 24 more branches during Fiscal 2013. During Fiscal 2012 and Fiscal 2013, we opened 27 new branches in Northern, Eastern and Western India with the objective of expanding our pan-India presence. As of May 31, 2013, 179 branches out of our 542 branches and extension counters (excluding nine RCCs and five ARMBs) were located in regions other than the Southern States. Our business (advances and deposits) conducted outside the Southern States stood at 61.86% as of March 31, 2013. We intend to continue our branch expansion in northern and western India to improve our presence in these geographies and to consolidate or network in South India. We believe that growing our distribution network will enable us to grow our transaction banking platform and help tap into existing clients for cross sell/up sell opportunities.

Continue to focus on sustainable growth

We intend to continue to grow our retail and wholesale businesses by focusing on key asset growth engines. In our retail business, we intend to grow in business banking, mortgages, and agriculture loans and selectively focus on personal loans and gold loans. Within our wholesale business, we intend to deepen relationships with large Indian corporates, grow market share among emerging corporates and leverage our global ING Group relationship to grow our International Client Group segment. We intend to increase our share of customer wallet through higher penetration of fee products, such as debt capital markets products, payment and cash management, financial markets and corporate finance.

We will continue to focus on priority sector assets and meeting our priority sector requirements through increased direct lending. The recent change in RBI regulations encourages banks to lend directly to priority areas, as other forms of lending, including pool buyouts, are becoming increasingly challenging due to low yields and tax regulations. We have identified products that qualify for priority sector lending, and have added branches and headcount in select locations where the potential for direct lending is higher.

Increase share of low cost liabilities and better margin products

One of our key focus areas is to increase our low-cost current and savings deposits. To achieve this, we have maintained a strategic focus on current accounts for our wholesale and business banking customers, salary accounts for our corporate/salaried customers and savings accounts for mass affluent and institutional customers.

In our retail business, we intend to increase our share of higher-margin asset products, such as loans against property, personal loans and gold loans. In our wholesale business, we intend to increase the share of the Emerging Corporate Group segment. We also intend to increase fee-based income by growing wealth management fees, asset processing fees, trade fees, cash management charges, foreign exchange services and other fee earning products.

Continue to leverage on our relationship with the ING Group and promote the ING brand for our wholesale banking business

The ING Group has been rated by Fortune magazine as one of the world's largest financial services groups. It enjoys an extensive global customer base including large, high quality multi-national customers. We believe that these customers will conduct an increasing portion of their business in India over time and will consequently require support and services to satisfy their banking and advisory needs.

We have engaged closely with the ING Group to identify key multinational customers whom we may service in India and have used suitable referral and introductions to establish relationships with and begin servicing them. We aim to continue this strategy to increase our engagement with large multinational customers of the ING Group and enhance our wholesale and business banking operations.

In addition to the above, we currently leverage the ING brand to enhance our market profile and visibility in new markets where our Bank is relatively less well known and continue our investment in branding as we increase our footprint outside southern India. We intend to position ourselves as a "Bank of Choice" in select customer segments.

We intend to continue to leverage on the ING Group's brand and global presence to enhance our brand recognition. Further, as a result of our association with the ING Group, we have upgraded our systems and processes to international standards, by building on systems and processes developed by ING Bank N.V. We have used these systems to improve our risk management processes covering market risk, credit risk and operational risk. We intend to continue leveraging on the synergies from the ING Group and the value of ING brand.

Enhance operating efficiency

We intend to improve the profitability both from our legacy network and our growing footprint by increasing branch productivity closer to best in class. We will continue to make investments and effect improvements in our technology platform to help us enhance our product delivery capabilities and achieve cost efficiencies.

SUMMARY FINANCIAL INFORMATION

The summary consolidated and unconsolidated financial information of our Bank as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 set forth below have been extracted by the Bank's management from the Consolidated and Unconsolidated Financial Statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011, respectively, converted from crores or thousands as the case may be, into millions and shown to the nearest million of Indian Rupees. The numbers presented in this "Summary Financial Information" have not been presented or classified on a consistent basis, and are rather presented as they were produced in the respective years. For a summary of our significant accounting policies and the basis of the presentation of our Financial Statements, please refer to the "Financial Statements" included in this Placement Document.

The summary financial information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our "Financial Statements" included in this Placement Document.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF ING VYSYA BANK LIMITED AS AT AND FOR THE YEARS ENDED MARCH 31, 2013, MARCH 31, 2012 AND MARCH 31, 2011.

SUMMARY CONSOLIDATED BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
CAPITAL AND LIABILITIES	1,549	1,501	1,210
Capital			
Employees' Stock Options Outstanding (Net)	9	16	19
Reserves and Surplus	44,778	38,347	25,080
Deposits	413,290	351,909	301,912
Borrowings	65,113	56,965	41,469
Other Liabilities and Provisions	23,633	21,277	20,457
TOTAL	**548,372**	**470,015**	**390,147**
ASSETS			
Cash and Balances with Reserve Bank of India	19,447	19,824	21,838
Balance with Banks and Money at call and short notice	8,888	12,482	3,377
Investments	182,761	127,134	110,186
Advances	317,720	287,367	236,021
Fixed Assets	4,998	5,010	5,031
Other Assets	14,558	18,198	13,694
TOTAL	**548,372**	**470,015**	**390,147**
Contingent Liabilities	1,215,672	1,225,691	584,097

SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
INCOME			
Interest Earned	48,617	38,569	26,939
Other Income	7,266	6,696	6,547
TOTAL	**55,883**	**45,265**	**33,486**
EXPENDITURE			
Interest Expended	33,226	26,483	16,874
Operating Expenses	12,726	11,101	10,259

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
Provisions and Contingencies	3,799	3,117	3,169
TOTAL	**49,751**	**40,701**	**30,302**
PROFIT / (LOSS)			
Net Profit/(Loss) for the period	6,132	4,564	3,184
Consolidated Net Profit / (Loss) for the year attributable to the Group	6,132	4,564	3,184
Add: Brought forward consolidated profit / (loss) attributable to the Group	7,695	5,215	3,346
TOTAL	**13,827**	**9,779**	**6,530**
APPROPRIATIONS			
Transfer to statutory reserve	1,532	1,141	797
Transfer to capital reserve	16	4	76
Transfer to Revenue & other reserves	-	-	-
Transfer to / (from) Investment reserve	(2)	2	(110)
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)	160	140	130
Dividend paid	-	87	-
Proposed dividend	852	600	363
Dividend tax	139	109	59
Balance carried to consolidated Balance Sheet	11,130	7,696	5,215
TOTAL	**13,827**	**9,779**	**6,530**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic	40.37	31.85	26.43
Diluted	39.30	31.55	25.93

SUMMARY CONSOLIDATED
CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
(A) Cash Flow from Operating Activities			
Net Profit before Tax and Extraordinary Items	9,019	6,546	4,843
Adjustments for:			
Depreciation charges	530	519	498
Employee compensation expense (ESOS)	(1)	(1)	(1)
Provision/write off of Advances	843	807	1,561
(Profit) / Loss on revaluation of investment	394	549	975
Provision for Standard Assets	37	289	157
Other Provisions	(59)	35	(214)
Lease Adjustment Account	(20)	(20)	(20)
(Profit)/Loss on Sale of Non banking Assets (net)	-	-	-
(Profit)/Loss on Sale of Assets (net)	1	(8)	(151)
(Profit)/Loss on foreign exchange revaluation	-	-	-
Dividend received from subsidiary/ others	-	(10)	(7)
Cash Generated from Operation	10,744	8,706	7,641
Less: Direct Taxes Paid	3,186	2,507	2,014
	7,558	**6,199**	**5,627**
Adjustments for:			
Decrease / (Increase) in Advances	(31,349)	(52,153)	(52,511)
Decrease / (Increase) in Other assets	3,925	(4,326)	454
Non-Banking Assets sold	-	-	-
Decrease/ (Increase) in Investments	(56,021)	(17,121)	(6495)
Increase / (Decrease) in Deposits	61,384	49,997	43,294

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
Increase / (Decrease) in Other liabilities	2,346	192	396
Increase/ (Decrease) in Borrowings	-	-	-
Net Cash flow from / (used in) Operating Activities	**(12,157)**	**(17,212)**	**(9,235)**
(B) Cash Flow from Investing Activities			
Movement in Capital Work in Progress	-	-	-
Purchase of Fixed assets / leased assets	(517)	(497)	(797)
Sale of Fixed assets/ Leased assets	11	20	364
Dividend received from subsidiary/others	3	11	7
Net Cash flow used in Investing Activities	**(503)**	**(466)**	**(426)**
(C) Cash Flow from Financing Activities			
Proceeds from issue of shares	47	291	10
Share premium collected	1,290	9,505	197
Dividend Paid	(796)	(523)	(357)
Borrowings (including Subordinated Debt -Tier II Bonds and Innovative Perpetual Debt Instrument)	8,148	15,497	4,755
Net Cash Flow from Financing Activities	**8,689**	**24,770**	**4,605**
Net Increase/ (Decrease) in Cash and Cash Equivalents	**(3,971)**	**7,092**	**(5,056)**
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)	**32,306**	**25,214**	**30,270**
Cash and Cash equivalents as at the end of the year (Including Money At Call and Short Notice)	**28,335**	**32,306**	**25,214**

SUMMARY UNCONSOLIDATED FINANCIAL INFORMATION OF ING VYSYA BANK LIMITED AS AT AND FOR THE YEARS ENDED MARCH 31, 2013, MARCH 31, 2012 AND MARCH 31, 2011.

SUMMARY UNCONSOLIDATED BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
CAPITAL AND LIABILITIES			
Capital	1,549	1,501	1,210
Employees' Stock Options Outstanding (Net)	9	16	19
Reserves and Surplus	44,710	38,281	25,014
Deposits	413,340	351,954	301,943
Borrowings	65,113	56,965	41,469
Other Liabilities and Provisions	23,643	21,288	20,485
TOTAL	**548,364**	**470,005**	**390,140**
ASSETS			
Cash and Balances with Reserve Bank of India	19,447	19,823	21,838
Balance with Banks and Money at call and short notice	8,887	12,482	3,376
Investments	182,782	127,155	110,207
Advances	317,720	287,367	236,021
Fixed Assets	4,996	5,008	5,028
Other Assets	14,532	18,170	13,670
TOTAL	**548,364**	**470,005**	**390,140**
Contingent Liabilities	1,215,666	1,225,686	584,087

SUMMARY UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
INCOME			
Interest Earned	48,616	38,568	26,941
Other Income	7,269	6,698	6,549
TOTAL	**55,885**	**45,266**	**33,490**
EXPENDITURE			
Interest Expended	33,230	26,485	16,875
Operating Expenses	12,728	11,102	10,260
Provisions and Contingencies	3,797	3,116	3,169
TOTAL	**49,755**	**40,703**	**30,304**
PROFIT / (LOSS)			
Net Profit/(Loss) for the period	6,130	4,563	3,186
Net Profit / (Loss) for the year	6,130	4,563	3,186
Add: Brought forward profit / (loss)	7,654	5175	3,302
TOTAL	**13,784**	**9,738**	**6,488**
APPROPRIATIONS			
Transfer to statutory reserve	1,532	1,141	797
Transfer to capital reserve	16	4	76
Transfer to / (from) Investment reserve	(2)	2	(110)
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)	160	140	130
Dividend Paid	-	87	-
Proposed dividend	852	600	363

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
Dividend tax	138	109	58
Balance carried to consolidated Balance Sheet	11,088	7,655	5,174
TOTAL	**13,784**	**9,738**	**6,488**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic	40.36	31.85	26.45
Diluted	39.29	31.54	25.95

SUMMARY UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
(A) Cash Flow from Operating Activities			
Net Profit before Tax and Extraordinary Items	9,014	6,542	4,839
Adjustments for:			
Depreciation charges	530	519	498
Employee compensation expense (ESOS)	(1)	(1)	(1)
Provision/write off of Advances	843	807	1,561
(Profit) / Loss on revaluation of investment	394	549	975
Provision for Standard Assets	37	289	157
Other Provisions	(56)	37	(214)
Lease Adjustment Account	(20)	(20)	(20)
(Profit)/Loss on Sale of Non banking Assets (net)	-	-	-
(Profit)/Loss on Sale of Assets (net)	1	(8)	(151)
(Profit)/Loss on foreign exchange revaluation	-	-	-
Dividend received from subsidiary/ others	(2)	(10)	(7)
Cash Generated from Operation	10,742	8,704	7,637
Less: Direct Taxes Paid	3,185	2,502	2,017
	7,557	**6,202**	**5,620**
Adjustments for:			
Decrease / (Increase) in Advances	(31,349)	(52,153)	(52,510)
Decrease / (Increase) in Other assets	3924	(4,353)	467
Non-Banking Assets sold	-	-	-
Decrease/ (Increase) in Investments	(56,021)	(17,121)	(6,495)
Increase / (Decrease) in Deposits	61,386	50,011	43,289
Increase / (Decrease) in Other liabilities	2347	200	388
Increase/ (Decrease) in Borrowings	-	-	-
Net Cash flow from / (used in) Operating Activities	**(12,156)**	**(17,214)**	**(9,241)**
(B) Cash Flow from Investing Activities			
Movement in Capital Work in Progress	-	-	-
Purchase of Fixed assets / leased assets	(517)	(497)	(797)
Sale of Fixed assets/ Leased assets	11	20	363
Dividend received from subsidiary/others	2	10	7
Net Cash flow used in Investing Activities	**(504)**	**(467)**	**(427)**
(C) Cash Flow from Financing Activities			
Proceeds from issue of shares	47	291	10
Share premium collected	1290	9,505	197
Dividend Paid	(796)	(520)	(350)
Borrowings (including Subordinated Debt -Tier II Bonds and Innovative Perpetual Debt Instrument)	8,148	15,497	4,755
Net Cash Flow from Financing Activities	**8,689**	**24,773**	**4,612**

PARTICULARS	31 March 2013	31 March 2012	31 March 2011
Net Increase/ (Decrease) in Cash and Cash Equivalents	(3,971)	7,092	(5,056)
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)	**32,306**	**25,214**	**30,270**
Cash and Cash equivalents as at the end of the year (Including Money At Call and Short Notice)	**28,335**	**32,306**	**25,214**

SUMMARY FIVE YEAR UNCONSOLIDATED RECLASSIFIED FINANCIAL INFORMATION AND KEY RATIOS

The summary unaudited unconsolidated reclassified financial information and key ratios provided below as at and for March 31, 2013 and each of the years ended March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 set forth below have been derived from the Bank's unconsolidated financial statements for the respective years, converted from thousands into millions and shown to the nearest million to two decimal places and have been reclassified for the purposes of presentation and convenient comparison. These numbers have been regrouped / reclassified to align with the grouping/ classification as per the audited balance sheet and profit and loss account as at and for March 31, 2013. Please see "Risk Factors" for details of the same.

Unconsolidated Reclassified Summary Balance Sheet

(Rs. in million)

	As at 31 Mar 13	**As at 31 Mar 12**	**As at 31 Mar 11**	**As at 31 Mar 10**	**As at 31 Mar 09**
Capital and Reserves	46,267.99	39,797.93	26,242.82	23,309.15	17,028.95
Deposits	4,13,339.97	3,51,954.20	3,01,942.49	2,58,653.01	2,48,894.70
Borrowings	65,112.58	56,964.88	41,469.11	36,713.88	31,853.20
Liabilities & Provisions	23,643.90	21,120.54	20,322.82	19,815.55	20,805.47
	5,48,364.44	**4,69,837.55**	**3,89,977.24**	**3,38,491.59**	**3,18,582.32**
Cash, Inter-bank, etc	28,334.66	32,305.60	25,214.24	30,270.44	22,816.28
Investments	1,82,782.26	1,27,155.00	1,10,582.72	1,05,093.95	1,04,955.39
Advances	3,17,720.27	2,87,213.97	2,35,868.08	1,84,780.35	1,67,522.43
Fixed Assets	4,996.02	5,007.97	5,028.35	4,959.33	4,372.00
Other Assets	14,531.23	18,155.01	13,283.85	13,387.52	18,916.22
	5,48,364.44	**4,69,837.55**	**3,89,977.24**	**3,38,491.59**	**3,18,582.32**

(Rs. in million)

	As at 31 Mar 13	**As at 31 Mar 12**	**As at 31 Mar 11**	**As at 31 Mar 10**	**As at 31 Mar 09**
Current Account	73,168.66	64,203.53	51,222.61	41,062.97	33,333.67
Savings Account	61,182.74	56,429.08	53,515.04	43,349.63	33,984.17
Term Deposit	2,12,121.89	1,77,739.49	1,56,543.92	1,31,311.68	1,63,450.75
Certificate of Deposit	66,866.68	53,582.10	40,660.92	42,928.73	18,126.11
Total Deposits	4,13,339.97	3,51,954.20	3,01,942.49	2,58,653.01	2,48,894.70
CASA%	**32.50%**	**34.28%**	**34.69%**	**32.64%**	**27.05%**

Financials are on a unconsolidated basis and prior year data is re-classified for comparison purposes

Unconsolidated Reclassified Summary Profit & Loss Account

(Rs. In million)

	FY 12-13	**FY 11-12**	**FY 10- 11**	**FY 09-10**	**FY 08–09**
Net Interest Income	15,386.23	12,083.50	10,065.27	8,298.36	6,496.20
Other Income	7,268.79	6,697.57	6,549.57	5,895.01	5,476.66
Total Income	**22,655.02**	**18,781.07**	**16,614.84**	**14,193.37**	**11,972.86**
Staff expenses	7,506.92	6,510.31	6,056.59	4,288.53	3,922.20

Other Expenses	5,221.24	4,591.78	4,203.59	3,792.51	3,802.50
Total Expenses	**12,728.16**	**11,102.09**	**10,260.18**	**8,081.04**	**7,724.70**
Operating Profit	**9,926.86**	**7,678.98**	**6,354.66**	**6,112.33**	**4,248.16**
Exceptional Items	-	-	-	307.20	-
Op Profit after Excep. Items	**9,926.86**	**7,678.98**	**6,354.66**	**6,419.53**	**4,248.16**
Provisions	912.45	1,137.29	1,516.01	2,704.50	1,301.63
Profit before tax	**9,014.41**	**6,541.69**	**4,838.65**	**3,715.03**	**2,946.53**
Taxes	2,884.84	1,978.65	1,652.16	1,292.86	1,058.73
Net Profit	**6,129.57**	**4,563.04**	**3,186.49**	**2,422.17**	**1,887.80**

Financials are on a unconsolidated basis and prior year data is re-classified for comparison purposes

Reclassified Key Ratios

	FY 12-13	FY 11-12	FY 10-11	FY 09-10	FY 08-09
Net Interest Margin	3.52%	3.30%	3.25%	3.22%	2.84%
Yield on Advances	11.88%	11.54%	10.06%	10.54%	11.48%
Cost of Deposits	7.25%	6.99%	5.25%	5.33%	6.83%
Cost Income Ratio[1]	56.18%	59.11%	61.75%	55.73%	64.52%
Return on Average Assets	1.26%	1.09%	0.89%	0.80%	0.70%
Return on Average Equity	14.22%	12.73%	12.83%	11.81%	11.63%
CASA Ratio	32.50%	34.28%	34.69%	32.64%	27.05%
Credit-Deposit Ratio	76.87%	81.61%	78.12%	71.44%	67.31%
Gross NPA Ratio	1.76%	1.92%	2.30%	2.96%	1.86%
Net NPA Ratio	0.03%	0.18%	0.39%	1.20%	1.20%
Capital Adequacy Ratio	13.24%	14.00%	12.94%	14.91%	11.65%
Provision Cover	98.40%	90.67%	83.41%	60.19%	36.01%

Financials are on a unconsolidated basis and prior year data is re-classified for comparison purposes

Notes

(1) Cost to income ratio excludes non -recurring items/one-time costs.

RISK FACTORS

This offering and an investment in Equity Shares involve a high degree of risk. You should carefully consider the risks described below as well other information contained in this Placement Document before making an investment decision. If any of the risks described below actually occurs, our business, prospects, financial condition and results of operation could be seriously harmed, the trading price of our shares could decline and you may lose all or part of your investment. Unless specified or quantified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares. Unless otherwise specified, all amounts in this section are stated on an unconsolidated basis.

INTERNAL RISK FACTORS

Our ability to sustain our recent level of performance depends on factors within and beyond our control. Any inability to manage our growth effectively will have a material and adverse effect on our business and financial performance.

Our total assets increased from Rs. 390,140 million as of March 31, 2011 to Rs. 470,005 million as of March 31, 2012, to Rs. 548,364 million as of March 31, 2013, representing a CAGR of 18.56% from March 31, 2011 to March 31, 2013. In the fiscal years ended March 31, 2011, March 31, 2012 and March 31, 2013, our net profit was Rs. 3,186 million, Rs. 4,563 million and Rs. 6,130 million, respectively, representing a CAGR of 38.69% for the three-year period ended on March 31, 2013. Certain other indicators of financial performance have also recorded growth or remained generally stable over the past few years. For example, our net interest margin was 3.52% for the year ended March 31, 2013 as compared with 3.30% and 3.25% for the years ended March 31, 2012 and March 31, 2011, respectively. Our net NPAs as a percentage of net loans as of March 31, 2013 were 0.03% as compared with 0.18% and 0.39% for the years ended March 31, 2012 and March 31, 2011, respectively. Other performance indicators that have improved or remained generally stable include, among others, return on assets, return on equity and cost to income ratio.

Our ability to sustain our performance and manage growth depends primarily upon our ability to manage key operational issues such as recruiting and retaining skilled personnel, maintaining an effective technology platform that is capable to be continually upgraded, developing a knowledge base to implement our strategies and ensuring a high standard of customer service. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our ability to sustain growth is also affected by macroeconomic factors beyond our control, such as growth of the Indian economy, changes in India's macroeconomic policies and changes in global economic conditions. Our inability to effectively manage any of the said operational issues or react to any of the said factors may adversely affect our business growth and, as a result, adversely impact our future financial performance.

Our business and financial performance could suffer if we are unable to effectively manage our asset portfolio and control the level of our NPAs.

From Fiscal 2011 to 2013, the total value of our net NPAs moved from Rs. 918 million to Rs. 91 million, which represents 0.03% of our net advances as of March 31, 2013. Although our net NPAs has decreased from Fiscal 2011 to 2013, there can be no assurance that reductions in NPAs over prior periods will continue in the future or that the overall quality of our loan portfolio will not deteriorate in the future. Various factors beyond our control, like a rise in unemployment, prolonged recessionary conditions in the world economy, a sharp and sustained rise in the interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan portfolio. The inability of borrowers to repay loans due to inadequate money supply in the economy may translate into mounting NPAs. The system has stress in certain sectors of the economy which could impact our large corporate and emerging corporate group and this could result in higher levels of NPAs and restructured assets in the future. In addition to the above, under the directed lending norms of RBI, we are required to extend 40.00% of our adjusted net bank credit to certain eligible sectors, which are categorised as 'priority sectors'. We may experience an increase in NPAs in

our directed lending portfolio, particularly with regard to loans that are granted to the agriculture and small-scale industries sectors, where the borrowers are most vulnerable to economic difficulties. Also, as we increase our direct lending to certain sectors, we increase our exposure to the risks inherent with such sectors. Any further change in the RBI's regulations in this regard may require us to increase our lending to relatively riskier segments, which may further result in an increase in our NPAs.

If we are not able to manage our NPAs, it could adversely affect our business, future financial performance, shareholders funds and hence the price of our Equity Shares.

Our results of operations depend to a great extent on our net interest income. Volatility in interest rates and other market conditions could adversely impact our business and financial results.

Interest rates are sensitive to many factors beyond our control, including RBI's monetary policy, de-regulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Our net interest income has moved from 60.58% of our total income (sum of net interest income and other income) in Fiscal 2011 to 67.92% in Fiscal 2013. Net interest income represents the excess of interest earned from interest-earning assets (such as performing loans and investments) over the interest paid on interest-bearing customer deposits and borrowings. Volatility and changes in market interest rates could disproportionately affect the interest we earn on our assets as compared to the interest we pay on our liabilities. The difference could result in an increase in interest expense relative to interest income leading to a reduction in net interest income.

Our sources of funding have primarily been customer deposits, money market borrowings and Tier II unsecured non-convertible subordinated debt securities. Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of a reduction in spreads. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. If we fail to achieve or sustain continued growth rate of our deposit base, we may be forced to rely more heavily on more expensive sources of funding, such as the wholesale market, which could materially and adversely affect our profitability and business.

Under RBI regulations, we are required to maintain a minimum specified percentage, currently 23.00%, of our net demand and time liabilities in Government securities and other approved assets. Yields on these investments, as well as yields on our other interest-earning assets, are dependent to a large extent on interest rates. In a rising interest rate environment, especially if the increase is sudden or sharp, we could be adversely affected by a decline in the market value of our Government securities portfolio and other fixed income securities and may be required to further provide for depreciation in the Available for Sale ("**AFS**") and Held for Trading ("**HFT**") categories.

Furthermore, in a rising interest rate environment, our customers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans, particularly if they are able to switch to more competitively priced loans offered by other financial institutions. Our inability to retain customers as a result of rising interest rates may adversely impact our future earnings. Similarly in the event of falling interest rates, we may face challenges in retaining our customers if we are unable to offer competitive rates as compared to other financial institutions.

We may not be able to successfully implement our new business strategies, or such new strategies may not achieve desired results.

We intend to pursue a number of new business strategies in the future, including, among others, increasing our national footprint in Northern and Western India, expanding our retail banking business, launching our credit card business and expanding our priority sector lending. Pursuing these strategies involves inherent business risks, such as making incorrect judgments or assumptions as to customer acceptance of any of these strategies. In addition, we may need to make additional investments to build brand awareness among our target customers in certain new business areas. There is no assurance that we will be successful in implementing any or all of these strategies. In the event that any of these strategies proves to be unsuccessful, our overall financial performance may be adversely affected.

In order to grow our business, we are required to maintain our capital adequacy ratio at the minimum level required by the RBI. The Bank may face difficulties in accessing capital as and when it is needed for growth.

The RBI requires Indian banks to maintain a minimum risk-weighted capital adequacy ratio of 9.00%. Under the Basel II framework of the RBI, upper Tier II instruments along with other components of Tier II capital of a bank shall not exceed 100 percent of its Tier I capital. This limit was based on the amount of Tier I capital after deduction of goodwill, DTA and other intangible assets, but before deduction of investments. We had adopted the Basel II framework in Fiscal 2009. Our capital adequacy ratio was 12.94% as of March 31, 2011, 14.00% as of March 31, 2012 and 13.24% as of March 31, 2013 as per Basel II. On May 2, 2012, the RBI published its final guidelines on Basel III capital regulations, which was proposed to be implemented from January 1, 2013 in a phased manner wherein banks are required to improve the quality, consistency and transparency of their capital base, enhance risk coverage and supplement the risk-based capital requirement with a leverage ratio. The RBI, through a press release dated December 28, 2012, announced the rescheduled commencement date of the implementation of Basel III from January 1, 2013 to April 1, 2013 with Indian banks scheduled to report capital adequacy under the new framework from June 30, 2013.

We are exposed to the risk of the RBI increasing the applicable risk weightage for different asset classes from time to time. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from or curtail some of our current business operations. Implementation of Basel III or other capital adequacy requirements imposed by RBI may result in incurrence of substantial compliance and monitoring costs and there can be no assurance that we will be able to comply fully with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation or our business operations and financial conditions. Although we currently meet or exceed the applicable capital adequacy requirements, certain adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, declines in the values of our investments and regulatory changes in the prescribed risk weights, capital deductions or minimum capital adequacy requirements. Furthermore, our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to access or have difficulty accessing the capital markets or have difficulty obtaining capital in any other manner. We cannot assure you that we will be able to obtain additional capital on commercially reasonable terms in a timely manner.

ING Bank N.V. controls a significant percentage of our share capital and may exercise substantial influence over Board and shareholders' decisions.

As of May 31, 2013, ING Bank N.V., through its wholly owned subsidiaries, ING Mauritius Holdings and ING Mauritius Investments I, holds 42.08% of our pre-issue paid up capital and has seven Directors representing ING Bank N.V. on our Board. While we are a bank run by professional management under the supervision of the Board, ING Bank N.V. may be able to exercise substantial control over our Board and over matters that are subject to shareholders vote. The interests of ING Bank N.V. may conflict with the interests of other shareholders of the Bank.

Any downgrading in our credit ratings could adversely affect our business, financial condition and results of operations.

Our current credit ratings as given by CRISIL are "CRISIL AA" for Lower Tier II Bonds, "CRISIL AA" for Upper Tier II Bonds, "CRISIL AA" for Tier I perpetual bonds, "FAAA" for fixed deposits and "CRISIL A1+" for Certificate of deposits. India Rating & Research has given us a rating of "IND AA-" with respect to our Lower Tier II bonds. These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. Any downgrading in our credit ratings in the future may adversely affect our ability to raise capital on reasonable commercial terms and mobilise deposits and therefore adversely affect our business.

The value of our collateral may decrease or we may experience delays in enforcing our collateral if borrowers default on their obligations, which may result in failure to recover the expected value of collateralised security exposing us to potential losses.

A substantial portion of our loans are secured by collateral, including real estate assets, property, plant, equipment, inventory, receivables, current assets and pledges of financial assets such as marketable securities and corporate guarantees. The value of the collateral securing our loans, including particularly any property assets, may significantly fluctuate or decline due to factors beyond our control, including those affecting the Indian economy in general. In the event our borrowers default on the repayment of loans, we may not be able to realise the full value of the collateral due to various reasons, including a possible decline in the realisable value of the collateral, defective title, prolonged legal proceedings and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all.

Further, certain kinds of loans that are advanced by us (such as personal loans) are not secured by any assets.

In India, foreclosure on collateral generally requires a written petition to a court or tribunal. Such application may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "SARFAESI Act"), the Debt-Recovery Tribunal Act, 1993 and the RBI's corporate debt restructuring have strengthened the ability of lenders to recover NPAs by granting them greater rights to enforce security and recover amounts owed from secured borrowers. Although the legislations strengthen the rights of creditors, which may lead to faster realisation of collateral in the event of default, there can be no assurance that such legislations will have a favourable impact on our efforts to reduce our levels of NPAs and we may not be able to realize the full value of our collateral, due to, among other things, delays in foreclosure proceedings, defects in the perfection of collateral, fraudulent transfers by borrowers and decreases in the values of collateral.

In addition, the RBI's guidelines on corporate debt restructuring specify that for debt amounts of Rs. 100 million and above, 60% of the creditors by number and 75% of creditors by value can decide to restructure the debt and that such a decision would be binding on the remaining creditors. If we own 25% or less of the debt of a borrower, we may not be able to realise the full value of our collateral and could be forced to agree to an extended restructuring of debt which may not be in our interests.

Such difficulties in realising our collateral fully or at all, including if we are instead compelled to restructure our loans, could adversely affect our business and financial condition.

Any crystallisation of our significant contingent liabilities could materially and adversely affect our business, financial conditions, result of operations and prospects.

As on March 31, 2013, we had a contingent liability amounting to Rs. 1,215,666 million. While most of the liability has been incurred during the normal course of business, these liabilities also include contingent liabilities such as disputed tax liabilities amounting to Rs. 972.19 million. In the event we are not successful in our disputes with the tax authorities with respect to disputed tax claims or in the event of there being a crystallisation of any of the above liabilities, we may be required to honour the demands raised. This may materially and adversely impact our business, financial conditions, result of operations and prospects.

The growth of our business and financial performance is dependent on expanding our area coverage through our branch network and any hindrance in relation to obtaining approvals for the same could delay or prevent us from opening new branches.

As of May 31, 2013, we have 542 branches and extension counters (excluding nine RCCs and five ARMBs) across India. Banks in India are required to obtain RBI approval before opening a branch office in Tier-I centres (Metro & Urban Centres). As at May 31, 2013, we have RBI approval to open nine additional branches in Tier I centres and we expect to open more branches in the future, subject to receiving the requisite further approvals. Any delays or failure in obtaining approval from the RBI for opening new branch offices in Tier-I centres in the future could prevent us from opening new branches

in Tier-I centres in accordance with our growth plans or at all, thus negatively impacting our ability to expand our retail deposit base, which in turn could adversely affect our business, results of operations and financial condition.

We are exposed to large credit and investment concentrations with several borrowers and default by any one of them would adversely affect our business.

As of March 31, 2013, the aggregate exposure, computed based on credit exposure (including derivatives) and investment exposure as prescribed by the RBI, to our 20 largest borrowers amounted to Rs. 90,480 million, representing 12.71% of our total exposure as of such date. Our single largest borrower on such date had an exposure of Rs. 9,490 million, representing 1.33% of our total exposure as of such date. Any deterioration in the credit quality of these assets would have a significant adverse effect on our business, prospects, financial condition and results of operations, as well as on the market price of our Equity Shares.

We have regional concentration in southern India, and therefore are dependent on the general economic conditions and activities in these areas.

As of May 31, 2013, 363 out of our 542 branches and extension counters (excluding nine RCCs and five ARMBs) (or 66.97%) are located in southern states of Andhra Pradesh, Karnataka, Tamil Nadu and Kerala. Any disruption, disturbance or breakdown in the economy of these states could adversely affect our business and results of operations. The aforementioned states contribute 38.14% of our business (advances and deposits) as of March 31, 2013. Our concentration in the southern states exposes us to any adverse geological, ecological, economic and/or political circumstances in that region as compared to other public and private sector banks that have a diversified national presence. If there is a sustained downturn in the economy of south India or a sustained change in consumer preferences in that region, our financial position may be adversely affected.

Our exposure to our Business Banking segment is relatively high and our business could be materially and adversely affected by difficulties experienced by borrowers in the sectors served by such business.

We have substantial exposure to the sectors served by business banking segment. As of March 31, 2013, advances to such sectors aggregated Rs. 116,693 million and represented 36.08% of our total advances. Any significant difficulty in these sectors, driven by events not within our control, such as regulatory action or policy announcements by government authorities or natural disasters, would adversely impact the ability of borrowers in such sectors to service their debt obligations to us. As a result, we would experience an increased level of NPAs, which may adversely impact our business, our financial performance and the price of our Equity Shares.

Most of our business premises are leased. Accordingly, we are exposed to risks typical to leasing of commercial real estate.

As of May 31, 2013, we have 542 branches and extension counters (excluding nine RCCs and five ARMBs) and eight regional offices, of which 526 branches and five regional offices are located on leased premises. In addition, 489 out of 500 ATMs are located on leased premises. Any failure to renew lease agreements for these premises on terms and conditions favourable to us may require us to shift the concerned branch offices, regional offices or the ATMs to new premises. This might affect our business operations.

We could be subject to volatility in income from our treasury operations that could adversely impact our financial condition.

Our treasury operations are vulnerable to changes in interest rates and exchange rates as well as other factors, all of which are trading risks that are faced by us. Any decrease in income from our treasury operations could adversely affect our business if we are unable to offset the same by increasing returns on our loan assets.

Any material damages caused by a materialisation of any operational risks to which we are subject could adversely affect our reputation and profitability.

We are exposed to many types of operational risks arising from inadequacy or failure of internal processes or systems or from fraud. We are susceptible to, and have experienced in the past, fraud or misconduct by employees or outsiders, failure of employees to adhere to approved procedures as well as unauthorised transactions by employees, among other things. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and reputational or financial harm. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Though we carefully recruit all our employees, we have in the past been held liable for the fraudulent acts committed by our employees. Furthermore, our internal processes and systems may not be adequate in detecting all fraud or other misconduct in a timely manner or at all. Certain routine inspections have indicated a delay in detecting such frauds. We investigated several cases of internal fraud as of May 31, 2013, of which criminal proceedings in relation to 34 are still outstanding before courts or with law enforcement agencies. We cannot guarantee you that such events will not recur in the future or that we will be successful in identifying deficiencies in and upgrading our internal processes and systems. Any such event could adversely affect our reputation, operations, or otherwise have a material adverse effect on our business, financial condition or results of operation.

Significant security breaches or breakdowns in our computer systems and network infrastructure could adversely impact our business.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. Computer break-ins and power disruptions could affect the security and integrity of information stored in and transmitted through these computer systems and networks. There can be no assurance that our use of encrypted password-based protections and firewalls are adequate to prevent fraud or the invasion or breach of the network by an intruder. Failure to protect against fraud or breaches in security may adversely affect our operations and future financial performance. Given the increasing share of retail products and services and transaction banking services in our overall business, the importance of systems technology to our business has increased significantly. Our principal delivery channels include ATMs, internet banking, mobile banking and call centers (telephone banking). Any failure in our systems, particularly for retail products and services and transaction banking, could significantly affect our operations and the quality of our customer service and could result in business and financial losses. To address these issues and to minimise the risk of security breaches, we employ security systems, including firewalls, security information and event management (SIEM) and intrusion prevention and detection systems, conduct periodic penetration testing, vulnerability assessments and compliance audits for identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data, such as passwords. Despite implementation of these systems, a significant failure in security or back-up measures could have an adverse effect on our business.

System weaknesses, failures and calamities could adversely impact our business.

We have an established disaster recovery site in Hyderabad as part of our technology enabled business. However, any failure in our systems, particularly those utilised for our retail products and services and transaction banking, or the occurrence of calamities such as earthquakes and cyclones that affect areas in which we have a significant presence, could adversely affect our operations and the quality of our customer service.

We may face labour disruptions that could interfere with our operations.

We are exposed to the risk of strikes and other industrial actions. As of May 31, 2013, we employed 9,883 employees. Of this, 3,521 employees are members of 'All India ING Vysya Bank Employees' Union' and 'All India ING Vysya Bank Officers' Association'. Since Fiscal 2009, all the strikes barring one in which our employees have participated have been industry-level strikes.

However we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such event could disrupt our operations, possibly

for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition or results of operation.

Our failure to meet the priority sector lending norms in India may subject us to appropriate actions by the RBI.

The priority sector lending norms of the RBI require all banks in India to extend at least 40.00% of their adjusted net bank credit (net bank credit plus investments made by banks in non-SLR bonds held in Held to Maturity ("**HTM**") category) to specified sectors, including agriculture and small scale industries, which are known as "priority sectors". In accordance with these norms, at least 18.00% of our adjusted net bank credit must be extended to the agricultural sector and at least 10.00% to the weaker sections.

As on March 25, 2011, March 30, 2012 and March 31, 2013, the total credit extended by us to priority sectors constituted 43.28%, 40.42% and 38.16%, respectively, of our adjusted net bank credit; and the credit extended to the agriculture sector constituted 12.88%, 13.56% and 12.24%, respectively, of our adjusted net bank credit. Accordingly, we did not meet the requirements for lending to priority sectors as of March 31, 2013 and for lending to the agriculture sector as of March 31, 2011, 2012 and 2013.

Failure to meet the targets/sub targets that are set with respect to priority sector lending requires us to contribute to the Rural Infrastructure Development Fund, ("**RIDF**") established with the National Bank for Agriculture and Rural Development ("**NABARD**") or funds with other financial institutions, which could provide lower yields to us. This may adversely affect our business prospects, financial condition and results of operations. Our Bank also has some exposure to microfinance institutions which are heavily regulated and any change in such regulations could affect our operations.

We depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of such customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information. With respect to financial statements, we rely on reports of independent auditors of the borrowers. For instance, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and presents fairly, in all material respects, the financial condition, results of operations and cash flows of that customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading.

Reliance on summary unaudited reclassified unconsolidated financial information for the fiscal years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 included in this document.

Our summary unaudited reclassified unconsolidated financial information for the years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009, which has been included in the section "Summary Five Year Unconsolidated Reclassified Financial Information and Key Ratios", has been derived from our audited unconsolidated financial statements and reclassified for the purpose of presentation and convenient comparison. This financial information has been regrouped/reclassified to align with the grouping/classification as per the audited balance sheet and profit and loss account as at and for March 31, 2013. Accordingly, prospective investors should not place undue reliance on this unaudited financial information and related data.

We are involved in certain legal and other proceedings in India and may face certain liabilities as a result of the same.

We are involved in various civil, consumer and tax-related litigations, which are at different stages of adjudications before various *fora*. We are involved in litigations for a variety of reasons, which generally arise in the usual course of business, when we seek to recover our monies from borrowers who default on payment of the loans or when customers seek claims against us during the process of recovery of our monies or for other service related issues. As on May 31, 2013, there are 26 civil cases, 13 consumer cases and one case filed before the Debt Recovery Tribunal against us seeking the

recovery of amounts in excess of one million Rupees. The value of these pending cases aggregates to a sum of Rs. 564.54 million and we have made provisions amounting to a sum of Rs. 150.29 million. Further, there are 485 cases against us, each of which has a claim value below one million Rupees, which correspond to an aggregate liability of Rs. 35.93 million as on May 31, 2013. There are also ten criminal cases filed against our officers on grounds of cheating, criminal breach of trust and forgery. There is also one case before the High Court of Karnataka for our winding up. As on May 31, 2013, we are also involved in income tax and service tax cases for the assessment years 2000-01 to 2012-13 involving disputed tax amounts in excess of one million Rupees on grounds of the alleged impermissibility of deductions and exemptions sought to be claimed by us, aggregating to Rs. 972 million. These amounts are only an aggregate of quantified monetary values specifically claimed through the application, plaint or petition and does not include the value of any specific relief, any un-quantified damages or interest which may have been claimed. In October 2012, the RBI levied a penalty of Rs. 5.5 million on us for non-adherence to certain Know Your Customer (KYC) procedures. If any of the cases pending is decided against us, or if additional penalties are assessed and/or sanctions imposed on us in the future for failures to comply with KYC or other required procedures, it may have a material adverse effect on our businesses, reputation, financial condition and results of operations.

We require certain regulatory approvals in the ordinary course of our business, and the failure to obtain the same in a timely manner or at all may adversely affect our operations.

We require certain regulatory approvals, sanctions, licences, registrations and permissions for operating our business. In connection with our business, we may require such approvals as well as their renewal from time to time. We may not receive such approvals or renewals within the time frames anticipated by us or may not obtain the same at all, which could adversely affect our business.

We do not have ownership rights in relation to some of the intellectual property that we use in the course of our business, including the trademark "ING" and the symbol of the "lion" in our logo.

Some of the intellectual property that we use in the course of our business has been licensed from third parties and we do not have ownership of the same. Termination of any such license could adversely affect our operations. The trademark "ING" and symbol of the "lion" in the logo being used by us is owned by ING Groep N.V. and we have been granted a non-exclusive, royalty free license by ING Groep N.V. to use the same. The right to use the trademark is not granted in perpetuity and the agreement can be terminated by ING Groep N.V. upon the occurrence of certain events as detailed in the license. In the event we lose our right to use the ING trademark and the symbol of the "lion", our business could be adversely affected. Even if license to use the said trademark and symbol is granted to us again, any substantial increase in royalty fees could have a material adverse effect on our financial condition. Further, the ING brand is also being used by our Subsidiary. Any financial or other impact on our Subsidiary could adversely affect the ING brand and in turn, our business and brand. Any legal proceedings which result in a finding that we have breached third parties' intellectual property rights, or any settlements concerning such claims, may require us to give financial compensation to such third parties and/or to make changes to our marketing strategies or to the brand names of our products, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Some of our pending trademark registrations have been opposed.

We have filed two applications for registration of trademark in relation to "ORANGE ACCOUNT" and "ORANGE ACCOUNT-The colour of savings", but oppositions have been filed against the above applications before the Registrar of Trademarks. As of May 31, 2013, the applications are pending before the Register of Trademarks. Any inability to register these trademarks may adversely affect our operations.

Our success depends largely upon our management team and skilled personnel and our ability to manage attrition as well as to attract and retain personnel.

Our performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. There is significant competition for management and other skilled personnel in the banking industry. Further, we do not have keyman insurance policy to cover for loss of our skilled personnel.

Any increase in our attrition levels may add to our personnel expenditure. In the event we are not able to retain our pool of talented employees, the future of our business and operations may be affected.

We outsource many of our business activities to external agencies by entering into specific agreements with them. Any lapse by such external agencies may have adverse consequences on our business and reputation.

We have entered into several business outsourcing agreements for services including cheque collection and payment, ATM cum debit card reconciliation services and for verification of the backgrounds of prospective customers, with different external agencies. Our outsourcing policy that is updated from time to time, lays down the framework for the execution of these agreements and our operational risk management policy also provides for measures for monitoring transactions and providing for internal control over outsourced procedures. However, we cannot guarantee that such measures would be adequate. Any defaults by our outsourcing partners may adversely affect our business and our reputation and those of our customers.

New product/services offered by us may not be successful.

We introduce new products/services to explore new business opportunities on a regular basis. We cannot assure you that all our new products/services will gain customer acceptance and this may result in our inability to recover incurred pre-operative expenses and launch costs. Further, our inability to grow in new business areas could adversely affect our business and financial performance.

We may face greater credit risks than banks in developed economies.

Our credit risk is higher because our borrowers are based in India, where, unlike several developed economies, a nationwide credit bureau has become operational only recently. This may affect the quality of information available to us in relation to the credit history of our borrowers, especially individuals and small businesses. In addition, the credit risk of our borrowers, particularly small and middle market companies, might be higher than borrowers in more developed economies due to the greater uncertainty in the Indian regulatory, political, economic and industrial environment and the difficulties of many of our corporate borrowers to adapt to global technological advances.

We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. In the ordinary course of our banking operations, we run the risk of failing to comply with the prescribed Know Your Customer (KYC) procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties and/or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. In certain of our activities like Wealth Management and Financial Marketing, we run the risk of inadvertently offering our financial products and services to unsuitable customers despite having a Board-approved customer suitability policy and associated processes in place. Such incidents may adversely affect our business and our reputation.

We could be subject to sanctions and penalties imposed by the RBI for compliance failures and deficiencies.

The RBI conducts periodic on-site inspections on matters relating to, among other things, the Bank's portfolio, risk management systems, credit concentration risk, counterparty credit risk, internal controls, credit allocation and regulatory compliance. Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties imposed by the RBI, as well as expose us to increased business and credit risks.

Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have devoted significant resources to developing our risk management policies and procedures and expect to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risk are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than indicated by the historical measures. As we seek to expand the scope of our operations, we also face the risk of inability to develop risk management policies and procedures that are properly designed for those new business areas in a timely manner. Implementation and monitoring may prove particularly challenging with respect to businesses that we have recently initiated, such as mobile banking and our online broking platform. Inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.

We may not maintain historical dividends in the future.

While we have paid dividends in the past, there can be no assurance as to whether we will pay dividends in the future and, if so, the level of such future dividends. The declaration, payment and amount of any future dividends is subject to the discretion of the Board, and will depend upon, among other factors, our earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws in India from time to time.

Certain premises where we have branches are the subject matter of property disputes.

There are existing disputes in relation to some premises where our branches are located. We have incurred substantial costs related to infrastructure and marketing in relation to the setting up of the branches. If these disputes result in adverse findings against us, we may be required to vacate such premises which may require us to set up new branches and incur additional costs. In addition, we may not be able to retain some customers from such branches.

We are exposed to various industry sectors. Deterioration in the performance of any of the industry sectors where we have significant exposure may adversely impact our business.

Our credit exposure to borrowers is dispersed across various sectors including, telecommunications, gems and jewellery, iron and steel, food processing, chemicals and chemical products, infrastructure, construction and other industries. Any significant deterioration in the performance of a particular sector, including due to regulatory action or policy announcements by Government or State government authorities, could adversely impact the ability of borrowers in that industry to service their debt obligations owed to us. As a result, we would experience increased delinquency risk which may adversely impact our business, prospects, financial condition and results of operations, and the market price of our Equity Shares.

RBI may require the Bank's significant shareholders to sell their Equity Shares in the future, which may have an adverse impact on the Bank's business and the market price of the Equity Shares.

As of May 31, 2013, our Promoters, ING Mauritius Holdings and ING Mauritius Investments I, hold 42.08% of our paid-up capital. Our Promoters currently have RBI approval to hold up to 43.93% of our paid up capital. If the RBI mandates our Promoters to sell some of their Equity Shares in the future, such sales may have an adverse impact on the market price of the Equity Shares.

Our business is highly dependent on information technology. Therefore, if we are unable to adapt to rapid technological changes, our business could suffer.

The future success of our business will depend in part on our ability to respond to technological advances and to emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entail significant technical and business risks. There can be no assurance that we will successfully implement new technologies effectively or adapt our technology and systems to meet customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner

to changing market conditions, customer requirements or technological changes, our financial performance and the trading prices of the Equity Shares could be adversely affected.

In addition, any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorised tampering, may cause interruptions or delays in our ability to provide services to our customers on a timely basis or at all, and may also result in added costs to address such system failures and/or security breaches, and for information retrieval and verification.

EXTERNAL RISK FACTORS

We operate in a highly regulated industry and any changes in the regulations or enforcement initiatives may adversely affect our business and the price of our Equity Shares.

We are subject to a wide variety of banking and financial services laws and regulations and a large number of regulatory and enforcement authorities in each of the jurisdictions in which we operate. The laws and regulations or the regulatory or enforcement environment in any of those jurisdictions may change at any time, which may have an adverse effect on the products or services we offer, the value of our assets or our business in general. In fiscal year 2012, the RBI enacted gradual changes in the annualised interest rate the RBI charges banks for RBI loans (the "repo rate"), increasing it from 6.75% on March 31, 2011 to a peak of 8.50% with effect from October 25, 2011. However, it reduced the repo rate to 8.00% effective April 17, 2012 in line with its monetary policy announced for fiscal year 2013. The RBI decreased the CRR, the required percentage of net demand and time liabilities that banks must carry as reserves, from 6.00% effective April 24, 2010 to 5.50% effective January 28, 2012 and further to 4.75% effective March 10, 2012 in order to increase liquidity. During Fiscal 2013, the RBI further reduced CRR to 4.50% effective September 17, 2012, to 4.25% effective November 3, 2012 and to 4.00% effective February 9, 2013.

Also, the laws and regulations governing the banking and financial services industry have become increasingly complex governing a wide variety of issues, including interest rates, liquidity, capital adequacy, securitisation, investments, ethical issues, money laundering, privacy, record keeping, marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities. Any change in RBI policy, including directed lending norms, may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in NPAs in the directed lending portfolio. Future changes in laws and regulations and failure or the apparent failure to address any regulatory changes or enforcement initiatives could have an adverse impact on our business, our future financial performance and our shareholders' funds, harm our reputation, subject us to penalties, fines, disciplinary actions or suspensions of any kind or increase our litigation risks and have an adverse effect on the price of our Equity Shares.

There are a number of restrictions under the Banking Regulation Act, which impede our operating flexibility and affect or restrict investors' rights. These include the following:

- Section 12(2) of the Banking Regulation Act states that "no person holding shares in a banking company shall exercise voting rights on poll in excess of 10.00% of the total voting rights of all the shareholders of the banking company. Provided that the Reserve Bank may increase, in a phased manner, such ceiling on voting rights from 10% to 26%".

- Section 15(1) of the Banking Regulation Act states that "no banking company shall pay any dividend on its shares until all its capitalised expenses (including preliminary expenses, organization expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off".

- Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and to transfer out of the balance of the profit of each year as disclosed in the profit and loss account a sum equivalent to not less than 20.00% (the RBI circular dated September 23, 2000 has fixed this limit at 25.00%, which is applicable currently) of such profit before paying any dividend.

- Section 19 of the Banking Regulation Act restricts the opening of subsidiaries by banks, which may prevent us from exploiting emerging business opportunities. Similarly, Section 23 of the Banking Regulation Act contains certain restrictions on banking companies regarding the opening of new places of business and transfers of existing places of business, which may hamper our operational flexibility.

- Section 25 of the Banking Regulation Act requires each banking company to maintain assets in India equivalent to not less than 75.00% of its demand and time liabilities in India, which in turn may restrict us from building overseas asset portfolios and exploiting overseas business opportunities.

- We are required to obtain approval of RBI for the appointment and remuneration of our chairman and other whole time directors. RBI has powers to remove managerial and other persons from office, and to appoint additional directors. We are also required to obtain approval of the RBI for the creation of floating charges on our borrowings, thereby hampering leverage.

- The Banking Regulation Act also contains provisions regarding production of documents and availability of records for inspection.

We are required to prepare our balance sheet and profit and loss account in the forms set out in the Third Schedule to the Banking Regulation Act or as near thereto and subject to and in accordance with the other provisions of the Banking Regulation Act read with the Companies Act.

A compromise or arrangement between us and our creditors or any class of them or between us and our shareholders or any modification in such arrangement or compromise will not be sanctioned by any High Court unless such compromise or arrangement or modification, as the case may be, is certified by RBI in writing as capable of being implemented and as not being detrimental to the interests of our depositors. Our amalgamation with any other banking company will require the sanction of RBI and shall be in accordance with the provisions of the Banking Regulation Act. The provisions for winding-up of banking companies as specified in the Banking Regulation Act are at variance with the provisions of the Companies Act. Further, RBI can also apply for winding up of a banking company in certain circumstances and can also be appointed as the liquidator and the GoI could acquire the undertakings of banking companies in certain cases.

The Indian and global banking industry is very competitive and the ability of banks to grow depends on their ability to compete effectively.

We compete with large government-controlled public sector and major private sector Indian commercial banks as well as foreign commercial banks. Many of our competitors are large institutions, which may have much larger customer and deposit bases, larger branch networks and more capital than we have. Some of the banks, with whom we compete, may be more flexible and better positioned to take advantage of market opportunities than us.

The Government has expressed a preference for consolidation in the banking sector in India. Mergers among banks may result in enhanced competitive strengths in pricing and delivery channels for merged entities. We may face greater competition from larger banks which may have greater resources than us as a result of such consolidation. Further liberalisation of the Indian financial sector could lead to a greater presence or new entries of Indian and foreign banks, as well as banks promoted by private sector companies, including industrial houses and non-bank financial institutions meeting RBI's eligibility criteria, offering a wider range of products and services, which could adversely affect our competitive environment.

The Government is also actively encouraging banks and other financial institutions to significantly increase their lending to the agriculture sector, which will make this segment more competitive.

These competitive pressures affect the Indian and international banking industry as a whole, including us, and our future success will depend largely on our ability to respond in an effective and timely manner to these competitive pressures.

We are required to maintain cash reserves and maintain SLR. Any increase in these requirements could adversely affect our business.

Statutory reserve requirements imposed by the RBI expose us to interest rate risk. Under the RBI Act, we are currently required to maintain a CRR of 4.00% of our net demand and time liabilities in a current account with the RBI. The RBI may increase the CRR requirement as a monetary policy measure. We do not earn interest on cash reserves maintained with the RBI. In addition, under the Banking Regulation Act, we are currently required to maintain SLR at 23.00% of our net demand and time liabilities by way of investment in Government securities, other approved securities and cash. SLR assets consist of unencumbered Government securities and other approved securities as may be approved from time to time by the RBI. In our experience, these securities generally carry fixed coupons. When the interest rate rises, the value of these fixed coupon securities depreciates. Any increases in the CRR and SLR requirements could also adversely affect our business and financial performance.

Global economic instability or slowdown is likely to adversely affect our business and our results of operations.

Economic developments outside India have adversely affected the economy. Since the second half of 2007, the global credit markets have experienced, and may continue to experience, significant volatility which have originated from the adverse developments in the United States and the European Union credit and sub-prime residential mortgage markets. These and other related events, such as the recent collapse of a number of financial institutions and the debt crisis, have had, and continue to have, a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. Our business is affected by domestic and international economic conditions, including rates of economic growth and the impact that such economic conditions have on consumer spending. The current global economic downturn has led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally. The resulting economic pressure and dampened consumer sentiment may adversely affect our business and our results of operations.

In addition, market has been volatile in recent years, and the resulting economic turmoil may continue to exacerbate industry conditions or have other unforeseen consequences, leading to uncertainty about future conditions in our industry. There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of credit. Continuation or worsening of this downturn or general economic conditions may have an adverse effect on our business, liquidity and results of operations.

A slowdown in economic growth in India could cause our business to suffer.

A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. In its Monetary Policy Statement 2013-14 announced in May 2013, the RBI stated domestic growth slowed more than anticipated, with both manufacturing and services activity hamstrung by supply bottlenecks and sluggish external demand. Cumulative GDP growth at factor cost and constant prices for Fiscal 2013 declined to 5.0% from 6.5% in Fiscal 2012. Money supply growth was around 14% during the first quarter of the Fiscal 2013 but decelerated thereafter to 11.2% by end of December as time deposit growth slowed down and rebounded to 13.3% by the end of Fiscal 2013.

According to the Monthly Economic Report for the month of April 2013 prepared by the Department of Economic Affairs, Ministry of Finance, Government of India, the year-on-year inflation in terms of the Wholesale Price Index was 4.89% for the month of April 2013 as compared to 5.96% in March 2013. The average inflation rate in terms of the Wholesale Price Index from May 2012 to April 2013 was 7.16% as compared to 8.75% during May 2011 to April 2012. Although inflation has declined recently, there is no assurance that inflation will not increase in the future. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations. Inflation may also have a bearing on the overall interest rates which may adversely affect our net interest income.

Further, in light of the increasing linkage of the Indian economy to other economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India. A slowdown in the pace of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our shareholders' fund, our ability to implement our strategy and the trading price of the Equity Shares.

The growth rate of India's banking industry may not be sustainable.

We expect the banking industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital and insurance markets and the ongoing reform will affect India's banking industry. In addition, there can be no assurance that the banking industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's banking industry will be sustainable.

Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. Accordingly, the price and liquidity of our Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S. and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE and NSE halted trading due to the index-based market-wide circuit breaker on May 18, 2009 after the index crossed the threshold of such circuit breaker. A closure of, or trading stoppage on, either

the BSE or the NSE could adversely affect the trading price of the Equity Shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and/or the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose off your Equity Shares.

Significant differences exist between GAAP as applied in India and other accounting principles with which investors may be more familiar.

Our financial statements are prepared in conformity with Indian GAAP. GAAP as applied in India differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and accounting standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to our financial statements. As there are significant differences between GAAP as applied in India and IFRS and between GAAP as applied in India and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP. The significant accounting policies summarised in the section "Management's Discussion And Analysis Of Financial Condition And Results Of Operations" have been applied in the preparation of our Indian GAAP consolidated financial statements. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP and how they might affect the financial information contained in this Placement Document.

If we are classified as a passive foreign investment company ("PFIC") for U.S. Federal income tax purposes, U.S. investors may incur adverse tax consequences.

Under U.S. Federal income tax laws, U.S. investors are subject to special tax rules if they invest in passive foreign investment companies, or PFICs. While we do not believe that we are, or will become in the foreseeable future, a PFIC, since the applicable PFIC rules are complex, and, to a certain extent, unclear, there is a risk that we are or may become a PFIC in the future. If we are or become a PFIC, U.S. investors generally will not be subject to the regular U.S. Federal income tax rules applicable to dividends and capital gains, but will be subject to complex PFIC rules that could result in additional U.S. taxation upon certain distributions by us and/or upon a sale or disposition of Equity Shares.

We or other intermediaries may be required to withhold U.S. tax on payments made on our Equity Shares to certain non-U.S. financial institutions after December 31, 2016.

Under certain provisions of the U.S. Internal Revenue Code (commonly referred to as "FATCA"), we may be subject to a 30% U.S. withholding tax on certain payments we receive unless we enter into an agreement (an "FFI agreement") with the U.S. Internal Revenue Service (the "IRS") pursuant to which we may be required to report to the IRS information about any of our "United States accounts" and comply with certain procedures to be determined by the IRS. We may enter into such an agreement with the IRS and thereby become a participating foreign financial institution ("participating FFI") unless we otherwise become eligible for an exemption (e.g., pursuant to an intergovernmental agreement between the United States and India). The U.S. Treasury Department and the IRS recently issued regulations that implement certain provisions of FATCA. Under FATCA and the regulations, if

we enter into an FFI agreement, we (or another intermediary that is a participating FFI) may be required, pursuant to our FFI agreement, to withhold 30% U.S. withholding tax from any payment made on the Equity Shares after December 31, 2016, to the extent the payment is considered to be a "foreign passthru payment," but only if such payment is made to a "foreign financial institution" (which is broadly defined for this purpose and in general includes investment vehicles) that is not a participating FFI. Under current regulations, the term "foreign passthru payment" is not defined and it is not yet clear whether or to what extent payments on the Equity Shares will be treated as "foreign passthru payments". Holders of Equity Shares should consult their own tax advisors regarding the application of FATCA to an investment in the Equity Shares and their ability to obtain a refund of any amounts withheld under FATCA.

The above is based on our understanding of FATCA, which is complex new legislation, and its application to us is uncertain at this time.

Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For example, a new direct tax code has been introduced in the monsoon session of the Indian Parliament. In addition, a new goods and services tax regime is expected to be introduced in the near future, and the scope of the service tax is proposed to be enlarged. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 32.45%. The Government of India has proposed to increase the statutory corporate income tax to 33.99%. The central or state government may in the future further increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

You may be subject to Indian taxes arising out of capital gains.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian Bank are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India. For more information, see *"Statement of Possible Tax Benefit"* in this Placement Document.

Capital gains arising from the sale of our Equity Shares will be exempt from tax in India in cases where such exemption is provided under the tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties, do not limit India's ability to impose tax on capital gains. As a result, residents of certain countries may be liable for tax in India, as well as in their own jurisdictions on gain upon a sale of our Equity Shares.

Your ability to sell Equity Shares that you acquire in this Issue is restricted by the transfer restrictions set forth in the Placement Document.

No actions have been taken by the Bank in order to permit a public offering of the Equity Shares in any jurisdiction including India. The Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in this Placement Document under "*Transfer Restrictions*". We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

Your holdings may be diluted by additional issuances of equity and any dilution may adversely affect the market price of our Equity Shares.

We may be required to finance our growth through additional equity offerings. Any future issuance of our equity shares could dilute the holdings of investors in our Bank and could adversely affect the market price of our Equity Shares.

You will be subject to market risks until the Equity Shares credited to your demat account are listed and permitted to trade.

You can start trading the Equity Shares Allotted to you only after they have been credited to your demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares Allocated to you will be credited to your demat account or that trading in the Equity Shares will commence in a timely manner. This risk factor is for the information of investors and does not in any way dilute the right of investors and our obligations.

A significant change in the Government's economic liberalisation and deregulation policies could adversely affect our business and the price of our Equity Shares.

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. For the past several years, coalition governments have governed India. The leadership of India and the composition of the coalition in power are subject to change and election results are sometimes not along expected lines. It is difficult to predict the economic policies that will be pursued by the Government. The rate of economic liberalization could change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

Terrorist attacks and other acts of violence or war involving India, the United States or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business and may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

Trade deficits could adversely affect our business and the price of our Equity Shares.

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. In the fiscal year 2013, India experienced a trade deficit of US$190.91 billion, as

announced by the Ministry of Commerce and Industry in its Annual Supplement 2013-14 to the Foreign Trade Policy 2009-14, which increased from a trade deficit of US$183.4 billion in the fiscal year 2012. If trade deficits increase or are no longer manageable, the Indian economy, and therefore our business, our financial performance and our stockholders' equity could be adversely affected.

Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our Equity Shares.

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

The direct adverse impact of the global financial crisis on India has been the reversal of capital inflows and decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian Rupee *vis-à-vis* the US Dollar. Any increased intervention by the RBI in the foreign exchange market to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business and our future financial performance.

Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.

Following expansionary fiscal policies and the increase in India's fiscal deficit, Standard and Poors, an international rating agency, has revised its outlook for India's debt rating from 'Stable' to 'Negative' in April 2012. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets, increase the cost of funds, adversely impact our liquidity position, our shareholders' funds and the price of our Equity Shares.

Investors may not be able to enforce a judgment of a foreign court against us.

It may not be possible for investors in our Equity Shares to effect service of process outside of India on us or our directors and executive officers and experts named in this Placement Document who are residents of India or to enforce judgments obtained against us or these persons in foreign courts predicated upon the liability provisions of foreign countries. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian law and practice. See "*Enforcement of Civil Liabilities*".

Anti-takeover provisions under Indian law could prevent or deter an entity from acquiring us.

Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control. These provisions may discourage a third party from attempting to take control over business, even if a change in control would result in the purchase of our Equity Shares at a premium to the market price or would otherwise be beneficial to the investor. See "*Indian Securities Market*" and "*Regulations and Policies*".

An investor will not be able to sell any of our Equity Shares purchased in the offering other than on a recognised Indian stock exchange for a period of 12 months from the date of issue of our Equity Shares.

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of our Equity Shares in this offering, investors purchasing our Equity Shares in the offering may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares. In addition, to the above investors will be subject to the respective regulations applicable to their operations and any lock-in requirements prescribed thereunder.

Investment (including acquisitions or transfers) in our Equity Shares by foreign investors is subject to certain limits and restrictions specified by the Reserve Bank of India.

Under Indian laws, the aggregate permissible foreign investment (including foreign direct investment, or FDI, and investment by registered foreign institutional investors, or Foreign Institutional Investors ("**FIIs**"), and non-resident Indians, or Non-Resident Indians ("**NRIs**") in a private sector bank, such as ours, is limited to an aggregate of 74.00% of the paid up capital of such bank. The total holding of all FIIs, including sub-accounts of an FII, in a company is subject to a cap of 24.00% of the total issued capital of that company, which can be increased to the relevant statutory cap in respect of the company upon the passing of a special resolution of the shareholders of the company in a general meeting. However, the level of FII investment in a private sector bank can be increased only up to 49.00%, with the approval of the shareholders. We have increased our FIIs investment limit to 30.00% pursuant to the special resolution of our shareholders and following regulatory approval. As on March 31, 2013, our FII holding was 27.44%. Accordingly, unless the current foreign investment limit applicable to us is liberalised, the scope of us getting additional foreign investment will be limited. Once the aggregate foreign investment of a bank reaches a trigger limit of 2.00% below the overall limit, the RBI cautions non-resident investors and authorised dealers not to further transact in equity shares of such bank without prior approval of the RBI. The RBI has, through a press release dated June 6, 2013 (Ref: 2012-2013/2054), notified that the aggregate net purchases of our Equity Shares by FIIs/NRIs/PIOs and through ADR/GDR/FDI in the primary/ secondary market has reached the trigger limit (*i.e.*, 2.00% below the overall limit), and therefore any future purchases of Equity Shares of our Bank will be allowed only after obtaining prior approval of the RBI. These restrictions may adversely affect the liquidity of our Equity Shares and could result in the absence of FII buying support even in situations where there is a decline in the price of our Equity Shares.

Pursuant to the Guidelines for Acknowledgement of Shares in Private Banks dated February 3, 2004, or the Acknowledgement Guidelines, any acquisition or transfer of shares in a private bank which will take the aggregate holding of an individual or a group to five per cent or more of the paid-up capital of a bank, requires the prior "acknowledgement" of the RBI. The term "holding" refers to both direct and indirect holdings, beneficial or otherwise, and is computed with reference to the holding of the applicant, relatives (where the applicant is a natural person) and associated enterprises. In considering whether it will grant its acknowledgement to any application for an acquisition or transfer resulting in a holding of five per cent or more of the paid-up capital of a private bank, the RBI considers, among other matters, whether the applicant or proposed acquirer (including all entities connected with the acquirer) meets certain fitness and propriety tests. The RBI considers additional criteria when granting its acknowledgement where the acquisition or transfer will take the aggregate shareholding of the applicant or proposed acquirer to 10.00% or more and certain further criteria when granting its acknowledgement where the acquisition or transfer will take the aggregate shareholding of the applicant or proposed acquirer to 30.00% or more of the paid-up capital of a private bank. The RBI may require the applicant or proposed acquirer to seek further approval in relation to subsequent acquisitions of shareholding at any higher threshold as it may specify.

The aforementioned regulatory framework could adversely affect the free transferability of the Equity Shares.

Sale of our securities by the existing shareholders may lower the prices of shares

The market price of our Equity Shares could decline as a result of sales of a large number of our Equity Shares following the revision of the RBI guidelines on ownership in private sector banks or the

perception that such sales could occur in the future. Sale by existing shareholders may also make it more difficult for you to sell equity shares in the future.

Investors shall have to bear the risk of fluctuation in the price of the Equity Shares

The offer price of the Equity Shares in this Issue will be determined by our Bank in consultation with the Joint Global Coordinators and Book Running Lead Managers based on the applications received in compliance with Chapter VIII of the SEBI Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the offer price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial condition and the financial condition of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures; and
- the present state of our development.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

Health epidemics and natural calamities in Asia or elsewhere could adversely affect the Indian economy or our business and the price of our Equity Shares.

Since 2003, there have been outbreaks of Severe Acute Respiratory Syndrome in Asia, the outbreak of avian influenza across Asia and Europe and the outbreak of Influenza A (H1N1) across the world had adversely affected a number of countries and companies. Any future outbreak of infectious diseases or other serious public health epidemics may have a negative impact on the economies, financial markets and level of business activity in affected areas, which may, in turn, adversely affect the Bank's business. India has also experienced natural calamities such as earthquakes, floods, drought and a tsunami in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy. Any future outbreak of infectious disease among humans and/or animals or any other serious public health concerns or the occurrence of any natural calamities could materially and adversely affect our business, prospects, financial condition and results of operations, and the price of our Equity Shares.

If ownership restrictions on private sector banks are relaxed, a single investor may acquire a controlling stake in our Bank.

If the current restrictions are further liberalised to allow not only increased investment by Indian entities but also greater foreign ownership in private sector banks, a single entity or group of investors acting in unison may acquire Equity Shares to the extent that would allow it to control or strongly influence us. Such an entity or investor group would, subject to restrictions in the Articles, be able to determine, or would have a disproportionate influence compared to other shareholders in, the election of the Board of Directors, management policies and the outcome of corporate transactions submitted to shareholders for approval. There can be no assurance that any future controlling shareholder(s) will have the same interests as any minority shareholder or will pursue the same strategies as the current management.

We are exposed to fluctuations in foreign exchange rates.

As a financial intermediary, we are exposed to exchange rate risk. We comply with regulatory limits on our unhedged foreign currency exposure. However, we are exposed to fluctuations in foreign currency rates for our unhedged exposure adverse movements in foreign exchange rates may impact our borrowers negatively which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates could adversely affect our future financial performance and the market price of the Equity Shares.

Political instability or changes in the government in India or in the government of the states where we operate could cause us significant adverse effects.

Our performance, market price and liquidity of our Equity Shares may be affected by changes in control, government policies, taxation, social and ethnic instability, social/civil unrest and other political and economic developments affecting India. Our business is also impacted by regulations and conditions in the various states in India where we operate. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will continue in the future. Any political instability could affect specific laws and policies affecting foreign investment. A significant change in the government's policies, in particular, those relating to the banking sector in India, could adversely affect our business, results of operations, financial condition, prospects and could cause the price of our Equity Shares to decline.

MARKET PRICE INFORMATION

The Bank's Equity Shares are listed on the Stock Exchanges. The Bank's Equity Shares were first listed on the NSE on May 1, 1996 and on the BSE on June 17, 1996. We issued 6,209,375 Equity Shares through a Qualified Institutional Placement in Fiscal 2008 at a price of Rs. 310 per Equity Share, including a premium of Rs. 300 per Equity Share. We also issued 5,080,947 Equity Shares through a preferential allotment to ING Mauritius Holdings and ING Mauritius Investments I on the same date at a price of Rs. 310 per Equity Share. We had issued 9,270,455 Equity Shares through a Qualified Institutional Placement in Fiscal 2010 at a price of Rs. 248.10 per Equity Share, including a premium of Rs. 238.10 per Equity Share. We also issued 7,493,478 Equity Shares through a preferential allotment to ING Mauritius Holdings and ING Mauritius Investments I on the same date at a price of Rs. 248.10 per Equity Share. We further, issued 15,000,014 Equity Shares through a Qualified Institutional Placement in Fiscal 2012 at a price of Rs. 342.09 per Equity Share, including a premium of Rs. 332.09 per Equity Share. We also issued 13,257,349 Equity Shares through a preferential allotment to ING Mauritius Holdings and ING Mauritius Investments I on the same date at a price of Rs. 344.23 per Equity Share.

As of June 14, 2013, the Bank had 156,725,333 Equity Shares outstanding.

A. The following tables set forth the reported high and low closing prices of our Equity Shares (of face value of Rs. 10 each) on the Stock Exchanges and the number of Equity Shares traded on the days such high and low prices were recorded, for the Fiscal years 2013, 2012 and 2011.

BSE

Fiscal Year	High (Rs.)	Date of High	Volume on date of high (no. of Equity Shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of Equity Shares)	Average price for the year (Rs.)
2011	437.80	November 1, 2010	59,424	273.70	April 1, 2010	6.578	342.85
2012	365.95	July 22, 2011	20,627	277.80	December 20, 2011	7,080	323.47
2013	590.85	January 31, 2013	48,552	322.75	June 1, 2012	5,246	439.56

Source: www.bseindia.com.
Notes: High low and average prices are of the daily closing prices.

NSE

Fiscal Year	High (Rs.)	Date of High	Volume on date of high (no. of Equity Shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of Equity Shares)	Average price for the year (Rs.)
2011	437.85	November 1, 2010	536,783	273.90	April 1, 2010	21,310	343.12
2012	364.20	July 19, 2011	3,61,379	277.80	December 20, 2011	21,077	323.53
2013	591.15	January 31, 2013	4,57,628	324.30	June 1, 2012	31,781	439.67

Source: www.nseindia.com.
Notes: High low and average prices are of the daily closing prices.

B. The following tables set forth the reported high and low closing prices of our Equity Shares on the NSE and the BSE, the number of Equity Shares traded on the days such high and low prices were recorded and the volume of securities traded in each month during the last six months.

BSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of Equity Shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of Equity Shares)	Average price for the month (Rs.)
May 2013	650.70	May 30, 2013	456,539	596.20	May 3, 2013	15,195	614.83
Apr 2013	607.30	April 30, 2013	83,475	510.30	April 10, 2013	12,061	550.91
Mar 2013	564.60	March 15, 2013	23,578	520.60	March 4, 2013	4,555	544.43
Feb 2013	590.20	February 13, 2013	11,308	533.80	February 28, 2013	3,612	572.68
Jan 2013	590.85	January 31, 2013	48,552	524.50	January 3, 2013	3,996	566.42
Dec 2012	526.25	December31 , 2012	12,897	489.45	December 4, 2012	32,359	505.98

Source: www.bseindia.com.
Notes: High low and average prices are of the daily closing prices.

NSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of Equity Shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of Equity Shares)	Average price for the month (Rs.)
May 2013	650.95	May 31, 2013	5,43,894	594.95	May 6, 2013	38,641	614.61
April 2013	607.50	April 30, 2013	4,95,244	511.50	April 10, 2013	78,552	551.58
March 2013	567.00	March 15, 2013	1,49,568	520.10	March 4, 2013	63,159	544.08
Feb 2013	590.25	February 4, 2013	2,38,729	535.45	February 28, 2013	1,03,128	573.22
Jan 2013	591.15	January 31, 2013	4,57,628	526.70	January 3, 2013	29,627	566.63
Dec 2012	529.10	December 31, 2012	1,58,821	488.20	December 4, 2012	2,13,325	505.97

Source: www.nseindia.com.
Notes: High low and average prices are of the daily closing prices.

C. The following tables set forth the details of the volume of business transacted during the last six months on the Stock Exchanges.

Details of the volume of business transacted during the period mentioned below on the Stock Exchanges		(Rs. in million)
Period	**BSE**	**NSE**
May 2013	1,689.64	2,753.10
April 2013	309.60	1,207.25
March 2013	100.65	900.03
Feb 2013	225.68	1,397.67
Jan 2013	579.56	2,816.34
Dec 2012	275.01	1,074.28

Source: www.bseindia.com, www.nseindia.com

D. The following table sets forth the market price of our Equity Shares on the Stock Exchanges on May 20, 2013, the first working day following the day of the Board meeting approving the Issue.

(in Rs., except volume)

Date	NSE						BSE					
	Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (in Rs. million)**	**Open**	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume**
May 20, 2013	624.80	629.00	603.95	607.35	1,70,659	105.84	622.00	629.30	605.05	608.55	25,889	16.08

Source: www.nseindia.com; www.bseindia.com

USE OF PROCEEDS

The net proceeds from the Issue are estimated to be approximately Rs. 8,696.48 million after deducting the estimated expenses of the Issue. Subject to compliance with applicable laws and regulations, we intend to use the net proceeds received from the Issue to augment the capital of the Bank and for other general corporate purposes in accordance with the applicable laws.

CAPITALISATION

The Board of Directors has, at its meeting on May 17, 2013 approved the Issue and the Bank's shareholders, pursuant to a resolution passed on June 25, 2013 approved the Issue. Upon the completion of the Issue, the Board of Directors or a committee thereof shall pass a resolution authorising the Allotment of the Equity Shares, pursuant to this Issue.

The following table sets forth our capitalisation as of March 31, 2013 based on our Consolidated Financial Statements and as adjusted to reflect the receipt of the net proceeds of the Issue and the application thereof.

This capitalisation table should be read together with the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and Financial Statements and related notes included elsewhere in this Placement Document.

(Rs. in million)

Particulars	As of March 31, 2013	
	Pre Issue	**Post Issue**[4]
Debts		
Deposits[1]	413,290	413,290
Borrowings	51,207	51,207
Subordinated Debts	9,060	9,060
Upper Tier II bonds	3,639	3,639
IPDI	1,207	1,207
Total Debt	**478,403**	**478,403**
Share holders' Funds		
Share Capital	1,549	1,849
Reserves and Surpluses[2]	43,759	61,706
Less: Miscellaneous Expenditure to the extent not written off	-	-
Total Shareholders' Funds[3]	**45,308**	**63,555**
Total Capitalisation	**523,711**	**541,958**

(1) Deposits including both demand and time deposits

(2) Reserves and Surpluses excluding revaluation reserve

(3) The post issue shareholder's fund includes the preferential allotment. The preferential allotment will be concluded simultaneously with the allotment to QIBs.

(4) Considering the issue of 14,394,475 Equity Shares at Rs. 612.00 per Equity Share pursuant to the Issue and the issue of 15,605,525 Equity Shares at Rs. 612.00 per Equity Share pursuant to the Preferential Allotment.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders at their discretion and will depend on a number of factors, including but not limited to, our profits, capital requirements and overall financial condition. The Board may also, from time to time, pay interim dividends. All dividend payments are made in cash to the shareholders of the Bank. Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

The dividends declared by the Bank in respect of the Fiscal Years ended March 31, 2013, 2012 and 2011 are as under:

(Rs. in million, except percentages)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011
Issued and paid up share capital	1,549.00	1501.00	1,210.00
Rate of dividend	55.00%	40.00%	30.00%
Amount of dividend	852.00	687.00	363.00
Tax on dividend	138.00	109.00	59.00

Dividends are payable within 30 days of their approval in the AGM. When dividends are declared, all the shareholders whose names appear in the share register as on the "record date" or "book closure date" are entitled to be paid dividend declared by the Bank. Any shareholder who ceases to be a shareholder prior to the record date, or who becomes a shareholder after the record date, will not be entitled to the dividend declared by the Bank.

Dividend may only be paid out of the Bank's profits for the relevant year and, in certain contingencies, out of the reserves of the Bank. Before declaring dividend, the Bank is required, under the Banking Regulation Act, to transfer 25.00% of the balance of profits of each year to a reserve fund. The Government may, however, upon the recommendation of the RBI, exempt the Bank from this requirement in which event, under the Companies Act, it is required to transfer 10.00% of the balance of profits to a reserve fund. The payment of dividend is further regulated by the RBI through its guidelines dated May 4, 2005.

As per these guidelines dated May 4, 2005, a bank may declare dividends only if all of the following conditions are met:

- Capital to Risk Weighted Asset Ratio is at least nine per cent for the preceding two completed years together with the accounting year for which a bank proposes to declare a dividend.
- Net non-performing asset ratio is less than seven per cent.
- It is in compliance with the prevailing regulations and guidelines issued by the RBI, including the creation of adequate provision for the impairment of assets, staff retirement benefits, transfer of profits to statutory reserves, etc.
- The proposed dividend will be paid out of the current year's profit.
- Compliance with Sections 15 and 17 of the Banking Regulation Act that require banks to completely write off capitalized expenses (including preliminary expenses, organization expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) and every banking company is required to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 20.00% of such profit to the reserve fund before declaring any dividend.

In case a bank does not meet the capital adequacy norms for two consecutive years, but have a Capital to Risk Weighted Asset Ratio of at least nine per cent for the accounting year for which the bank propose to declare a dividend, such bank would be eligible to do so if the net non-performing asset ratio is less than five per cent.

Banks that are eligible to declare dividends under the above rules can do so subject to the following:

- The dividend payout ratio (calculated as a percentage of dividend payable in a year to net profit during the year) must not exceed 40.00%. The maximum permissible dividend payout ratio would vary from bank to bank, depending on the capital adequacy ratio in each of the last three years and the net non-performing asset ratio.

- In case the profit for the relevant period includes any extraordinary income, the payout ratio must be calculated after excluding that income for compliance with the prudential payout ratio.

- The RBI should not have placed any explicit restrictions on the bank for declaration of dividends.

- The financial statements pertaining to the financial year for which the bank is declaring a dividend should be free of any qualification by the statutory auditors, which might have an adverse effect on the profit during that year. In case there are any such qualifications, the net profit should be suitably adjusted while computing the dividend payout ratio.

As per the Finance Act 2013, which received the President of India's assent on 10th May 2013, dividend distributed is subject to dividend distribution tax of 15.00%, a surcharge of 10% and an educational cess of 3%. The effective rate of dividend distribution tax is 16.995%. These taxes are not payable by shareholders nor are they withheld or deducted from the dividend payments set forth above. The tax rates imposed on the Bank in respect of dividends paid in prior periods has varied. The effective dividend distribution tax rate for dividends paid for Fiscal years 2012 and 2011 was 16.22%. Further, until Fiscal 2004, shareholders were required to pay a dividend tax. See "Taxation" for a summary of certain Indian tax consequences of dividend distributions to holders and beneficial owners of the Equity Shares.

SELECTED STATISTICAL INFORMATION

The following unaudited information should be read together with the chapter on "Management's Discussion and Analysis of Financial Condition and Results of Operations". All amounts presented in this section have been prepared based on data used in compiling our Unconsolidated Summary Financial Statements and our unaudited management accounts. The unaudited management accounts are not included in this Placement Document. Footnotes appear at the end of each related section of tables. Unless otherwise specified, all amounts in this section are stated on an unconsolidated basis.

Average Balance Sheet Data

The table below presents the average balances for interest-earning assets and interest-bearing liabilities together with the related interest revenue and expense amounts, resulting in the presentation of the average yields and cost for each period. The average yield on average interest-earning assets is the ratio of interest revenue to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of loans include NPAs and are net of allowance for credit losses.

(Rs. in millions)

	For the year ended March 31, 2013			For the year ended March 31, 2012			For the year ended March 31, 2011		
	Average Balance[1] (A)	Interest Income/ expense (B)	Average yield/ cost (C=B/A)	Average Balance[1] (A)	Interest Income/ expense (B)	Average yield/ cost (C=B/A)	Average Balance[1] (A)	Interest Income/ expense (B)	Average yield/ cost (C=B/A)
Interest-earning assets:									
Advances	298,701	35,498	11.88%	248,646	28,678	11.53%	202,309	20,326	10.05%
Investments	137,231	13,066	9.52%	116,975	9,819	8.39%	106,137	6,463	6.09%
Other interest-earning assets	801	52	6.49%	622	71	11.45%	1,521	151	9.93%
Total interest earning assets	**436,733**	**48,616**	**11.13%**	**366,244**	**38,568**	**10.53%**	**309,967**	**26,940**	**8.69%**
Non-interest earning assets:									
Fixed assets[2]	5,030			4,913			4,971		
Other non-interest earning assets[2]	40,903			42,895			41,840		
Total average assets	**482,667**			**414,051**			**356,778**		
Interest-bearning liabilities:									
Deposits	355,906	25,791	7.25%	307,996	21,530	6.99%	258,500	13,568	5.25%
Demand deposits	44,550	1	0.00%	43,044	-0	0.00%	36,447	0	0.00%
Savings deposits	52,320	2,097	4.01%	49,752	1,979	3.98%	45,977	1,615	3.51%
Term deposits	259,036	23,693	9.15%	215,200	19,551	9.09%	176,076	11,953	6.79%
Borrowings (RBI/ Interbank/Tier II Bonds/IPDI/Others)	60,759	7,438	12.24%	46,425	4,954	10.67%	47,531	3,308	6.96%
Total interest-bearing liabilities	**416,666**	**33,230**	**7.98%**	**354,421**	**26,485**	**7.47%**	**306,031**	**16,876**	**5.51%**
Non-interest bearning liabilities:									
Capital and reserve	43,110			35,837			24,829		
Other liabilities	22,891			23,793			25,918		
Total liabilities	**482,667**			**414,051**			**356,778**		
Net interest income		**15,386**			**12,084**			**10,064**	

(1) "Average balance" represents the average of daily balances outstanding.

(2) "Fixed assets" and "Other non-interest earning assets" represent daily balances with the RBI and month-end balances of other assets and cash balances.

Analysis of Changes in Interest Income and Interest Expense by Volume and Rate

The following table sets forth the allocation of the changes in our interest income and interest expense between average volume and changes in average rates for the periods indicated.

(Rs. in millions, except percentages)

	For the year ended March 31, 2013	For the year ended March 31, 2012	Fiscal 2013 vs Fiscal 2012 Increase (Decrease)[1] due to			For the year ended March 31, 2012	For the year ended March 31, 2011	Fiscal 2012 vs. Fiscal 2011 Increase (Decrease) due to		
			Net Change	Change in Average Volume[2]	Change in Average Rate[3]			Net Change	Change in Average Volume[2]	Change in Average Rate[3]
Interest income:										
On advances	35,498	28,678	6,820	5,773	1,047	28,678	20,326	8,352	4,657	3,695
On investments	13,066	9,819	3,247	1,700	1,547	9,819	6,463	3,356	660	2,696
On others	52	71	(19)	20	(40)	71	151	(80)	(89)	9
Total interest income	**48,616**	**38,568**	**10,048**	**7,494**	**2,554**	**38,568**	**26,940**	**11,628**	**5,228**	**6,400**
Interest expense:										
On total deposits	25,791	21,530	4,261	4,085	176	21,530	13,568	7,962	2,789	5,173
On demand deposits	1	0	1	0	1	0	0	0	0	0
On savings deposits	2,097	1,979	118	102	16	1,979	1,615	364	132	232
On term deposits	23,693	19,551	4,142	3,983	159	19,551	11,953	7,598	2,657	4,942
On borrowings (RBI/Inter-bank/Tier II Bonds/Others)	7,438	4,954	2,484	1,530	954	4,954	3,308	1,646	(77)	1,723
Total interest expense	**33,230**	**26,485**	**6,745**	**5,614**	**1,131**	**26,485**	**16,876**	**9,609**	**2,712**	**6,896**
Net interest income	**15,386**	**12,084**	**3,303**	**1,879**	**1,423**	**12,084**	**10,064**	**2,020**	**2,516**	**(496)**

(1) The changes in net interest revenue between periods have been reflected as attributed either to volume or rate changes.
(2) "Changes in average volume" represents volume difference on the yield / cost of previous year.
(3) "Change in average rate" represents changes not due to a "change in average volume".

Yields, Spreads and Margins

The following table sets forth the yields, spreads and interest margins on our interest-earning assets for the periods indicated.

(Rs. in millions, except percentages)

	For the year ended March 31,		
	2013	**2012**	**2011**
Average interest earning assets - **(A)**	436,733	366,244	309,967
Average interest bearing liabilities - **(B)**	416,666	354,421	306,031
Average total assets - **(C)**	482,667	414,051	356,778
Average interest earning assets as a percentage of average total assets (%) - **(A)/(C)**	90%	88%	87%
Average Interest Bearing Liabilities as a percentage of Average Total Assets (%) - **(B)/(C)**	86%	86%	86%
Average interest earning assets as a percentage of average interest bearing liabilities (%) - **(A)/(B)**	105%	103%	101%
Yield on average interest-earning assets(1) (%) - **(D)**	11.13%	10.53%	8.69%
Cost of funds(2) (%) - **(E)**	7.98%	7.47%	5.51%
Spread(3) (%) - **(F) = (D) - (E)**	3.15%	3.06%	3.18%
Net Interest Margin(4) (%)	3.52%	3.30%	3.25%

(1) "Yield on average interest-earning assets" is the ratio of interest income to average interest-earning assets.
(2) "Cost of funds" is the ratio of interest expense to average interest-bearing liabilities.
(3) "Spread" is the difference between yield on average interest-earning assets and cost of average interest bearing liabilities.
(4) The difference in net interest margin and spread arises due to the difference in amount of interest-earning assets and interest-bearing liabilities.

Return on Equity and Assets

The following table presents selected financial ratios for the periods indicated.

	For the year ended March 31,		
Ratios	**2013**	**2012**	**2011**
Return on Average Equity	14.22%	12.73%	12.83%
Return on Average Assets	1.26%	1.09%	0.89%
Capital Adequacy Ratio(1)	13.24%	14.00%	12.94%
Tier I Capital Adequacy Ratio(1)	10.49%	11.23%	9.36%
Tier II Capital Adequacy Ratio(1)	2.75%	2.77%	3.58%
Net NPA Ratio	0.03%	0.18%	0.39%
Average Equity to Average Assets	8.93%	8.66%	6.96%
Book Value Per Share (Rs.)	292.15	258.21	208.29

(1) Per Basel II.

Maturity Profile of assets and liabilities

The following table sets forth the maturity profile of assets and liabilities as of March 31, 2013. Management classification the assets and liabilities under the different maturity periods using the same estimates and assumptions as used by the Bank for compiling the returns submitted to the RBI.

(Rs. in millions)

	1 day	2 to 7 days	8 to 14 days	15 to 28 days	29 days and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	5,237	26,075	23,562	35,227	90,627	50,441	60,648	58,182	39,379	23,962	413,340
Advances	7,900	22,726	20,738	27,520	33,223	31,102	46,372	52,711	28,051	47,377	317,720
Investments	6,372	28,879	5,520	11,034	28,465	13,357	21,005	28,685	21,837	17,628	182,782
Borrowings	8	2,106	41	4,328	16,020	15,025	3,688	6,929	6,962	10,006	65,113
Foreign currency Assets	858	2,490	773	2,742	8,328	5,213	44	-	130	-	20,579
Foreign currency liabilities	43	2,485	123	4,206	13,038	9,334	4,091	951	376	4,987	39,633

Investment Portfolio of the Bank
Available for Sale Investments

The following table sets forth information related to the Bank's investments available for sale as of the dates indicated.

(Rs. in millions)

	As of March 31, 2013				As of March 31, 2012				As of March 31, 2011			
	Cost	Market Value	Un-realised Gain[1]	Loss	Cost	Market Value	Un-realised Gain[1]	Loss	Cost	Market Value	Un-realised Gain[1]	Loss
Government securities	64,694	64,686	-	(8)	51,992	51,965	-	(26)	17,329	17,302	-	(27)
Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-
Shares	590	1,124	534	-	590	645	54	-	81	120	38	-
Debentures & bonds	992	710	18	(300)	338	36	-	(302)	342	41	-	(301)
Subsidiary and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Units, certificate of deposits, CP & PTCs	22,526	22,398	-	(129)	3,508	3,490	-	(19)	824	800	-	(24)
Total	**88,803**	**88,918**	**552**	**(437)**	**56,428**	**56,136**	**54**	**(347)**	**18,577**	**18,263**	**38**	**(352)**

(1) Represents gain on appreciation not accounted for in the books of accounts as per RBI guidelines.

Held for Trading Investments

The following tables set forth information related to the Bank's investments held for trading as of the dates indicated.

(Rs. in millions)

	As of March 31, 2013				As of March 31, 2012				As of March 31, 2011			
	Cost	Market Value	Un-realised Gain[1]	Loss	Cost	Market Value	Un-realised Gain[1]	Loss	Cost	Market Value	Un-realised Gain[1]	Loss
Government securities	490	490	-	-	3,033	3,035	1	-	8	8	-	-
Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-	-	-	-	-
Debentures & bonds	2,020	2,029	9	-	1,843	1,840	-	(3)	745	744	-	(1)
Subsidiary and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Units, certificate of deposits, CP & PTCs	-	-	-	-	-	-	-	-	-	-	-	-
Total	**2,510**	**2,518**	**9**	**-**	**4,876**	**4,875**	**1**	**(3)**	**753**	**752**	**-**	**(1)**

(1) Represents gain on appreciation not accounted for in the books of accounts as per RBI guidelines.

Held to Maturity Investments

The following table sets forth information related to the Bank's investments held to maturity as of the dates indicated. Because investments held to maturity are not required to be marked to market, the market value is not provided in the following table.

(Rs. in millions)

	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011
	Cost	**Cost**	**Cost**
Government securities	59,941	34,690	64,605
Other approved securities	-	-	-
Shares	-	-	-
Debentures & bonds	-	-	-
Subsidiary and joint ventures	21	21	21
Others[(1)]	31,945	31,490	26,604
Total	**91,907**	**66,201**	**91,230**

(1) Includes deposits with RIDF, SIDBI and NHB.

Funding

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. The sources of funding of the Bank include deposits raised from retail bank customers, which were 61% and 59% of the total deposits of the Bank as of March 31, 2012 and March 31, 2013, respectively. Wholesale deposits, which the Bank defines as deposits from its corporate customers and certificates of deposits, represented 39% and 41% of the total deposits of the Bank as of March 31, 2012 and March 31, 2013, respectively.

Total Deposits

The following table sets forth the Bank's outstanding deposits and the percentage composition by each category of deposits for the periods indicated.

(Rs. in millions, except percentages)

	As of March 31, 2013		As of March 31, 2012		As of March 31, 2011	
	Amount	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Demand deposits	73,169	17.70%	64,044	18.20%	51,071	16.91%
Savings deposits	61,183	14.80%	56,429	16.03%	53,515	17.73%
Time deposits	278,989	67.50%	231,481	65.77%	197,356	65.36%
Total	**413,340**		**351,954**		**301,942**	
Average interest rate during the period[(1)]	7.25%		6.99%		5.25%	

(1) Represents the ratio of interest expense on deposits to the average of deposits.

Short-term Borrowings

The following tables sets forth information related to the Bank's short-term borrowings, which are comprised primarily of money-market borrowings, for the periods indicated. Short-term borrowings exclude deposits.

Borrowings under REPO

(Rs. in millions, except percentages)

	For the year ended March 31,		
	2013	**2012**	**2011**
Year end balance of borrowings under REPO[(1)]	44,100	38,693	2,100
Average balance during the period[(1)]	41,488	23,441	3,413
Maximum outstanding[(1)]	57,750	41,737	22,050
Average interest rate during the period[(2)]	7.93%	7.58%	6.44%
Average interest at period end[(3)]	7.50%	8.50%	6.75%

(1) Represents LAF REPO borrowings gross of margins at face value.
(2) Represents the ratio of interest expense on short-term borrowings to the average of short-term borrowings.
(3) Represents the weighted average rate of short-term borrowings outstanding as of March 31, 2013, March 31, 2012 and March 31, 2011.

Borrowings under Call

(Rs. in millions, except percentages)

	For the year ended March 31,		
	2013	**2012**	**2011**
Period end balance of borrowings under call borrowings	-	3,000	-
Average balance during the period	2,952	2,961	337
Maximum outstanding	13,850	10,000	6,500
Average interest rate during the period(1)	8.20%	8.23%	6.99%
Average interest at period end(2)	-	15.00%	-

(1) Represents the ratio of interest expense on call borrowings to the average of call borrowings.
(2) Represents the weighted average rate of call borrowings outstanding as of March 31, 2013, March 31, 2012 and March 31, 2011.
(3) The above does not include collateralized borrowing and lending operations, SIDBI and NABARD.

Foreign Currency Borrowings

The Bank borrows funds denominated in foreign currencies. The following table sets forth information related to the Bank's foreign currency borrowings for the periods indicated.

(Rs. in millions, except percentages)

	For the year ended March 31,		
	2013	**2012**	**2011**
Period end balance of borrowings outside India(1)	36,301	28,865	23,968
Average balance during the period(1)	35,289	27,799	20,030
Maximum outstanding(1)	37,551	33,055	23,968
Average interest rate during the period(2) USD	1.58%	1.08%	0.83%
Average interest rate during the period(2) EUR	1.33%	1.77%	1.87%
Average interest rate during the period(2) JPY	2.52%	2.54%	2.57%
Average interest at period end(3) USD	1.02%	1.39%	1.10%
Average interest at period end(3) EUR	1.57%	1.57%	2.09%
Average interest at period end(3) JPY	2.56%	2.59%	2.59%

(1) Balances have been converted to rupee using closing FEDAI rate as of March 31, 2013, March 31, 2012 and March 31, 2011.
(2) Represents the ratio of interest expense on foreign currency borrowings to the average of foreign currency borrowings.
(3) Represents the weighted average rate of foreign currency borrowings outstanding as of March 31, 2013, March 31, 2012 and March 31, 2011.

Lower Tier II Capital

The Bank obtains funds from the issuance of unsecured non-convertible subordinated debt notes, which qualify as Tier II capital under the RBI's guidelines for assessing capital adequacy. The Bank issued unsecured subordinated debt notes qualifying for Tier II capital in Fiscal 2013 amounting to Rs. 3,060 million. As of March 31, 2012 and March 31, 2013, outstanding subordinated debt aggregated Rs. 6,000 million and Rs. 9,060 million, respectively, of which Rs. 3,640 million and Rs. 6,076 million, respectively, qualify for inclusion as Tier II capital at the end of both the periods referred above.

Upper Tier II Capital

The Bank issued Upper Tier II instruments qualifying for Tier II capital in Fiscal 2007 amounting to Rs. 987 million to increase its capital adequacy ratio and fund its growing operations. The Bank also raised unsecured, redeemable, non-convertible, subordinated bonds of principal amount of Rs. 1,998 million, which qualify as Upper Tier II capital of the Bank, from ING Bank N.V., Amsterdam during Fiscal 2009.

As of March 31, 2012 and March 31, 2013, the Bank had Rs. 3,910 million and Rs. 3,639 million, respectively, of aggregate amounts of Upper Tier II instruments outstanding which qualified as Tier II capital. The variance was due to fluctuations in the foreign exchange rate.

Innovative Perpetual Debt Instruments

The Bank issued Innovative Perpetual Debt Instruments ("IPDI") qualifying for Tier I capital in Fiscal 2009 to increase its capital adequacy ratio and fund its growing operations. The Bank has raised IPDI in the principal amount of Rs. 947 million from ING Bank N.V., Amsterdam.

As of March 31, 2012 and March 31, 2013, the Bank had Rs. 1,296 million and Rs. 1,207 million, respectively, of aggregate amounts of IPDI outstanding that qualified as Tier I capital. The variation is due to fluctuations in the foreign exchange rate.

Loan Portfolio

As of March 31, 2012 and March 31, 2013, the Bank's gross loan portfolio was Rs. 292,469 million and Rs. 323,403 million, respectively.

The following table sets forth, for the periods indicated, the Bank's net loan portfolio classified by product groups.

(Rs. in millions)

Classification of Advances	As of March 31, 2013	2012	2011
Cash credit, overdrafts and loans repayable on demand	148,683	112,557	79,751
Term Loans	156,720	162,587	150,137
Bills Purchased and Discounted	12,317	12,223	6,133
Advances	**317,720**	**287,367**	**236,021**

Concentration of Loans

The Bank's total loan portfolio consists of the following broad segments for the periods indicated.

(Rs. in millions, except percentages)

Customers	As of March 31, 2013 Loans	% of Total	As of March 31, 2012 Loans	% of Total	As of March 31, 2011 Loans	% of Total
Retail	209,422	65.91%	167,938	58.44%	139,045	58.91%
Wholesale	113,667	35.78%	124,342	43.27%	101,161	42.86%
Others	315	0.10%	189	0.07%	391	0.17%
Gross Advances	**323,403**		**292,469**		**240,598**	
Less: Provision for NPA and ECGC claims received	(5,683)	1.79%	(5,102)	1.78%	(4,577)	1.94%
Total Advances	**317,720**	**100.00%**	**287,367**	**100.00%**	**236,021**	**100.00%**

As of March 31, 2013, the aggregate exposure of the Bank's 20 largest borrowers based on exposure (computed based on credit and investment exposure as prescribed in the RBI master circular on exposure norms (DBOD.No.Dir.BC.3/13.03.00/2012-13 dated July 2, 2012) amounted to Rs. 90,480 million, or 161.04% of the total capital fund of Rs. 56,185 million of the Bank, which comprises Tier I and Tier II capital.

Priority Sector Lending

As stipulated by the RBI, commercial banks in India are required to lend 40.00% of their adjusted net bank credit to specified sectors known as "priority sectors". Priority sector advances include loans to agriculture, small-scale industry and services, loans to weaker section, housing and education finance up to certain ceilings, lending for specific infrastructure projects and also investments in instruments issued by notified institutions.. Any shortfall in the priority sector lending would require us to contribute to the Rural Infrastructure Development Fund established with the National Bank for Agriculture and Rural Development or with other financial institutions.

A breakdown of the Bank's priority sector lending position as of the last reporting Friday for each of the periods indicated.

(Rs.in millions, except percentages)

	As of March 31, 2013		As of March 30, 2012		As of March 25, 2011	
	Loans	% to ANBC	Loans	% to ANBC	Loans	% to ANBC
Agriculture advances	35,243	12.24%	37,750	13.56%	23,850	12.88%
SME	60,162	20.89%	34,010	14.41%	34,570	18.68%
Others	14,476	5.03%	23,650	10.02%	21,700	11.72%
Total priority sector advances	**109,881**	**38.16%**	**95,410**	**40.42%**	**80,120**	**43.28%**

Non-Performing Assets

The Bank has suffered losses through impairment of loans as some borrowers were impacted by recessionary conditions in the domestic economy, increased competition arising out of economic liberalization in India and volatility in industrial growth and commodity prices.

The Bank has adopted several measures to improve its credit selection processes and appraisal capabilities. As of March 31, 2013, gross NPAs as a proportion of gross advances were 1.76% and net NPAs as a proportion of net advances were 0.03%. The Bank had, as of March 31, 2013, effected a provision cover of 98.40% of its gross NPAs (before adjusting technical write-off).

The following table sets forth information about the Bank's NPA portfolio as of or for the periods indicated.

(Rs. in millions, except percentages)

	As of or for the year ended March 31,		
	2013	2012	2011
Opening balance at the beginning of the period	5,629	5,532	5,572
Additions during the period	1,939	1,728	2,360
Less: Reductions during the period on account of recovery and write-offs	(1,866)	(1,631)	(2,400)
Gross NPAs at the close of the period	**5,702**	**5,629**	**5,532**
Net NPAs	**91**	**525**	**918**
Gross NPAs/Gross advances (%)	**1.76**	**1.92**	**2.30**
Net NPAs/Net advances (%)	**0.03**	**0.18**	**0.39**

Note: All the figures are before adjusting for technical write-offs.

Key performance indicators

The following table sets out certain key metrics in the Bank's performance as of or for the periods indicated.

(Rs. in millions, except percentages)

	As of or for the year ended March 31,		
	2013	2012	2011
Advances	317,720	287,367	236,021
Deposits	413,340	351,954	301,942
Borrowings	65,113	56,965	41,469
CASA	134,351	120,473	104,586
Key Ratios:			
Yield on Advances	11.88%	11.53%	10.05%
Cost of Deposits	7.25%	6.99%	5.25%
Gross NPA Ratio	1.76%	1.92%	2.30%
Net NPA Ratio	0.03%	0.18%	0.39%
Return on Average Assets	1.26%	1.09%	0.89%
Return on Average Equity	14.22%	12.73%	12.83%
Credit Deposit Ratio (Funded)	76.87%	81.65%	78.17%
Cost to Income Ratio	56.18%	59.11%	61.75%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of the Bank's unconsolidated financial condition and results of operations together with our Unconsolidated Financial Information included in the Financial Information chapter of this Placement Document. You should also read the section entitled "Risk Factors" in this Placement Document, which discusses a number of factors and contingencies that could impact our financial condition and results of operations, and the sections entitled "Our Business" and "Selected Statistical Information", which present important statistical and other information about our business. Unless otherwise specified, all amounts in this section are stated on an unconsolidated basis.

This discussion contains forward-looking statements and reflects the current views of the Bank with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Forward-Looking Statements" and "Risk Factors" elsewhere in this Placement Document. In this section, references to "we" and "our" are to the Bank on an unconsolidated basis.

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" are to the 12-month period ended March 31 of that fiscal year.

OVERVIEW

Overview

We are one of the oldest private sector banks in India with an 83-year long operating history offering a wide variety of wholesale and retail banking products and services to our customers.

We had 542 bank branches and extension counters (excluding nine RCCs and five ARMBs), 27 satellite offices and 500 ATMs across 376 locations, as on May 31, 2013. In addition, we provide delivery channels for our customers such as telephone banking, Internet banking and mobile banking.

We were ranked as one of the top five most trusted brands among private sector banks in India by the Economic Times Brand Equity – Nielsen survey in 2011. We were ranked as the third best small bank (defined as banks with balance sheet sizes less than Rs. 500,000 million) in the Fastest Growing Bank category and the fourth best bank overall by Businessworld Best Bank Awards 2012. We also won the CIO 100 Award for 2009-2012, The Asian Banker's prestigious award for Best Corporate Internet Banking Initiative 2012, MasterCard innovation awards for our e-commerce business and activation and usage programs to increase spending in 2012 and several DQ CIOL Special Mentions.

The table below sets forth certain key operational and financial information and data about the Bank for Fiscal 2011, 2012 and 2013:

(Rs. in millions, except percentages and branch numbers)

	As of and for the year ended March 31, 2013	**As of and for the year ended March 31, 2012**	**As of and for the year ended March 31, 2011**
Number of branches / extension counters	542	527	510
Total advances	317,720	287,367	236,021
Total customer assets	343,704	293,045	241,422
Total assets	548,364	470,005	390,140
Total deposits	413,340	351,954	301,942
CASA Ratio	32.50%	34.23%	34.64%
Net Interest Margin	3.52%	3.30%	3.25%
Cost to Income Ratio	56.18%	59.11%	61.75%
Net profit	6,130	4,563	3,186
CAR	13.24%	14.00%	12.94%
Gross NPA	1.76%	1.92%	2.30%
Net NPA	0.03%	0.18%	0.39%
Return on Asset	1.26%	1.09%	0.89%
Provision coverage	98.40%	90.67%	83.41%

While serving the SME segment and the trading community has been our traditional strength, we have expanded our offerings to include a comprehensive range of banking services that cater to large corporations as well as retail and HNI clients.

Our principal business activities are organized into two segments: wholesale banking and retail banking.

Wholesale Banking

Our wholesale banking business provides our corporate clients in India a range of commercial, transactional and electronic banking products. Our wholesale banking business comprises five business sub-segments that offer a set of products. The business sub-segments are (i) large corporates group; (ii) emerging corporates group; (iii) banking and financial institutions group; (iv) international clients group; and (v) financial markets group.

We offer client-focused products and services, including (i) liability products, including current accounts, term deposits and mutual funds distributed by the Bank; (ii) loan products, including general lending, working capital and term loan, securitisation and structured finance; (iii) financial market products, including foreign exchange and hedging and structured products; (iv) trade products, including letter of credit, stand-by letter of credit and guarantee, export and import financing and remittances; (v) cash management products, including account services, receivable and payable, liquidity management and Web-based electronic platform; (vi) debt capital market products, including syndicated loans, bonds and negotiable certificate of deposit, securitisation, and structured products; and (vii) corporate finance products, including mergers and acquisitions, divestments, strategic alliances and advisory services.

Companies generally having annual sales turnover above Rs. 15,000 million are serviced by our large corporates group. Our emerging corporates group serves clients generally having an annual sales turnover ranging from Rs. 1,500 million to Rs. 15,000 million at the time they become clients. Our banking and financial institutions group caters to banking needs of banks, financial institutions and financial intermediaries, including NBFCs, insurance companies and mutual funds. Our international clients group focuses on serving MNCs with operations in India. This group benefits significantly from ING's global network that helps us gain access to ING's core clients with India business and provide seamless delivery of services across geographies. Our financial markets group is supported by the ING Group's network and capabilities, and provides a wide range of financial products to large corporates and SMEs as well as caters to individual customers' needs. We offer competitive pricing and efficient services across markets and a comprehensive list of financial products.

Retail Banking

Our retail banking business provides an entire suite of products that are aimed at meeting the needs of individuals and small corporates in India.

Our retail banking business is categorised into two segments, *i.e.*, retail liabilities and retail assets. The branch banking group and the private client group are our two retail liabilities sub-segments. The consumer loans group, business banking group and the agricultural and retail banking group are our three retail assets sub-segments.

Our branch banking group provides multiple products, including savings, current and fixed deposits accounts, through our pan-Indian network of 542 branches and extension counters (excluding nine RCCs and five ARMBs) and 500 ATMs as of May 31, 2013. Our branch banking group also provides wealth management products and services, insurance products, bill payment solutions, gold sales, foreign exchange services, multi-currency prepaid cards, lockers, internet banking, mobile banking and phone banking services to our customers. Our private client group provides wealth management solutions to HNIs and entities, including individuals, families, small businesses, trusts and institutions.

Our consumer loans group provides loans secured against home, gold and vehicle and personal loans products, and offers cross-selling opportunities to our existing customers. Our business banking group focuses on micro, small and medium-sized enterprises with turnover of generally up to Rs. 1,500 million. We believe that our understanding of market segments, extensive market experience and ability to maintain and manage our loan portfolios enable our growth in business banking and lead to a low gross and net NPA levels. Our ARB group provides products specifically targeting agricultural customers in the rural areas, including Kisan credit cards and revolving credit products, produce loans and agriculture term loans, and tailored credit products for poultry, dairy, agriculture, cold storage and logistics businesses.

COMPONENTS OF INCOME AND EXPENDITURE

Income

Our income consists of interest earned and other income.

Interest earned includes interest and discounts on advances/bills, income on investments, interest on balances with the RBI and other inter-bank funds and other interest income. Income on investments consists of interest from securities and our other investments. We also earn interest income from deposits that we maintain with other banks. Our investment portfolio consists primarily of Central Government and state government securities, debentures, bonds and pass-through certificates. We meet SLR requirements through investments in these and other approved securities. Our interest income is affected by fluctuations in interest rates as well as the volume of activity. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, the RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Our other income consists principally of fee-based income, such as commissions, exchange and brokerage income, net profit on sale of investments, net profits / losses on foreign exchange and derivative transactions, net profits or losses on the sale of land, buildings and other assets, dividends and miscellaneous income, which includes recovery from written-off accounts and incidental charges. Fee-based income includes fees and charges for services in our transactional banking business unit, such as cash management services, remittance services, documentary credits, letters of credit and issuance of guarantees and service charges and processing fees on customer accounts. It also includes income from commissions on sales of third party products, such as insurance and mutual funds. We also earn fee-based income from foreign exchange transactions for customers and inter-bank transactions.

Expenditure

Our expenditure consists of interest expended, operating expenses and provisions and contingencies.

Our interest expended consists of the interest paid on deposits and borrowings, including borrowings from the RBI and other inter-bank funds, Tier II Bonds and IRS. Our interest expended is affected by fluctuations in interest rates, our deposit mix and business volumes. Our non-interest expenditure consists principally of operating expenses, including payments and provisions for wages and employee benefits, and other operating expenses, such as rent, taxes and electricity charges paid on premises, depreciation on fixed assets, repairs and maintenance, insurance, postage and telecommunications, printing and stationery, advertising and publicity, directors' and professional fees and expenses, and other expenses. Our provisioning for non-performing assets, depreciation and provision on investments and income tax and other taxes are included in provisions and contingencies.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The majority of our income comprises interest earned on loans and credit facilities to clients, interest earned on investments and fee income. Our major expenses comprise interest expense on deposits, short-term borrowings and loans from banks and financial institutions, operating expenses and provisions and contingencies.

Our financial results will be influenced by macroeconomic factors, including growth and inflation in the Indian economy. We are also vulnerable to interest rate volatility and changes in banking regulation and fiscal policy. Our results will also depend on our ability to attract new customers and additional business volumes from existing and new customers. Our business is subject to various other risks and uncertainties, including those discussed in the section "Risk Factors".

The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our liquidity, capital resources and results of operations.

The Indian economy and the credit environment

As a bank operating principally in the domestic Indian market, our growth prospects and performance are highly dependent on the overall economic conditions in India, including the GDP growth rate, the economic cycle and

the health of the securities markets. According to the International Monetary Fund's World Economic Outlook of April 2013, India registered real GDP growth of 11.2% in 2010, 7.7% in 2011 and 4.0% in 2012, and is estimated to grow real GDP at rates of 5.7% and 6.2% in 2013 and 2014, respectively. In addition, the economic growth of India is affected by the global economy.

All the aforementioned factors influence the credit environment, the ability of our Bank to raise cost-effective funds, the level of credit disbursed, recovery of loans and demand for goods and services in sectors important to our business. Any trends or events which have a significant impact on the economic situation in India, including a change in interest rates, favourable/unfavourable climatic conditions impacting agriculture or volatility/stability in energy and commodity costs, or the economies of other countries, could have an adverse impact on the financial standing and growth plans of our borrowers and contractual counterparties, and, as a result, an adverse impact on our business and results of operations.

Laws, Rules, Regulations, Guidelines and Norms Applicable to the Banking Industry

Our operations are regulated and subject to detailed supervision by the RBI. Accordingly, we are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles relevant to the banking industry. Any changes in the laws, rules, regulations, guidelines or norms applicable to the banking industry, whether favourable or unfavourable to us, could materially impact our business, results of operations and financial condition.

For instance, changes in reserve requirements (which are designed to strengthen the Indian banking sector but also has the effect of reducing liquidity and availability of credit), evolving requirements to lend to certain priority sectors and capital adequacy requirements would affect how we conduct business and have a material effect on the composition of our asset portfolio and our profitability. See the section "Regulations and Policies" for details on recent changes in the laws and regulations applicable to the banking industry.

Priority sector lending requirements:

The RBI's revised guidelines on priority sector lending requirements, while keeping the lending targets unchanged, specify certain categories of lending that would be eligible for classification as priority sector lending and its sub-segments. The guidelines also aim to increase direct agricultural lending by banks to individuals and reduce lending activity through intermediaries like non-banking finance companies and housing finance companies. The guidelines also stipulate that investments by banks in securitised assets, outright purchases of loans and assignments would be eligible for classification under priority sector if the underlying assets themselves qualified for such treatment. Further, the interest rates charged to ultimate borrowers by the originating entities in such transactions have also been capped in order for such transactions to be classified as priority sector lending. Any future changes by the RBI in the directed lending norms may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively more risky segments, which may result in an increase in NPAs.

Capital adequacy requirements:

The RBI has issued guidelines for implementation of Basel III from April 1, 2013 in a phased manner wherein banks are required to improve the quality, consistency and transparency of their capital base, enhance risk coverage and supplement the risk-based capital requirement with a leverage ratio. We are exposed to the risk of the RBI increasing the applicable risk weightage for different asset classes from time to time. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from or curtail some of our current business operations. Implementation of Basel III or other capital adequacy requirements imposed by RBI may result in incurrence of substantial compliance and monitoring costs and there can be no assurance that we will be able to comply fully with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation or our business operations and financial conditions. Although we currently meet or exceed the applicable capital adequacy requirements, certain adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, declines in the values of our investments and regulatory changes in the prescribed risk weights, capital deductions or minimum capital adequacy requirements. Furthermore, our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to access or have difficulty accessing the capital markets or have difficulty obtaining capital in any other manner.

Changes in interest rates

Our results of operations depend to a great extent on our net interest income. Net interest income represents the excess of interest earned from interest-earning assets (such as performing loans and investments) over the interest paid on interest-bearing customer deposits and borrowings. Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. In the event of rising interest rates, borrowers may be unwilling to pay us correspondingly higher interest rates on their borrowings. A fall in interest rates would have the opposite impact. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, any or all of which may change favourably or unfavourably.

In addition, yields on government and other approved investments, as well as yields on our other interest earning assets, are significantly dependent on interest rates. In case of a sharp and sustained increase in interest rates, we could be adversely affected by the decline in the market value of our government securities portfolio and other fixed income securities. A fall in interest rates, on the other hand, would enhance the market value of our government securities portfolio and other fixed income securities.

If the interest rates that we must pay to our depositors and lenders rise faster relative to the interest rates we charge our borrowers, our net interest income may decrease.

Ability to grow our non interest income

Our ability to improve profitability will depend, among other factors, on our success in increasing fee income from existing and new businesses/customers. We have diversified our fee income across products such as insurance, investments, asset processing fees and advisory fees. We also offer cash management and trade services where the Bank partners with clients by utilising our experience and expertise in delivering cost-effective and customised solutions. Foreign exchange income generated through merchant sales has also been an important source of revenue for the Bank. However, the increasing sophistication of our customers, offerings of similar products and services by our competitors and changes in the regulatory environment could adversely impact our ability to grow our non-interest income.

Our ability to control costs

In the recent past, the growth in our costs has been lower than the growth in our revenues, which enabled us to improve our operating efficiency. We have achieved cost efficiencies by improving employee productivity, effecting improvements in our infrastructure and technology platform and centralising processing of our operations in select areas. However in the future we cannot assure that our costs can be controlled as we continue to increase our distribution network, add new products/services and increase our business volume.

Controlling the level of our NPAs

The credit quality of our loan portfolio is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment. Our net NPAs were Rs. 91 million, Rs. 525 million and Rs. 918 million, as of March 31, 2013, 2012 and 2011, respectively, while our gross NPAs (before technical write-off) were Rs. 5,702 million, Rs. 5,629 million and Rs. 5,532 million, respectively, as of the same dates. Our net NPA ratio (before technical write-off) was 0.03%, 0.18% and 0.39% as of March 31, 2013, 2012 and 2011, respectively, while our gross NPA ratio was 1.76%, 1.92% and 2.30% as of the same dates. Such decreases have improved our financial performance over the aforementioned periods.

Various factors, such as rises or falls in unemployment, changes in the economic conditions of the Indian and world economy, changes in the interest rate environment, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies may affect our ability to continue to effectively manage the level of our NPAs and have an impact on the quality of our loan portfolio. The inability of the borrowers to repay loans may translate into mounting NPAs. In addition to the above, under the directed lending norms of RBI, we are required to extend 40.00% of our adjusted net bank credit to certain eligible sectors, which are categorised as ‘priority sectors’. We may experience an increase in NPAs in our directed lending portfolio, particularly with regard to loans that are granted to the agriculture and small-scale industries sectors, where the borrowers are most vulnerable to economic difficulties.

Successful implementation of new business strategies

One of the elements of our growth strategies is to invest in new business strategies, including, among others, increasing our national footprint in Northern and Western India, expanding our retail banking business, launching our credit card business and increasing our priority sector lending. The success of our strategies will depend on various internal factors, such as accurate judgments or assumptions by us of our customer's requirements and preferences and our ability to meet customer expectations on service quality, and external factors, such as the overall regulatory and policy environment (including the direction of monetary policy), and the overall liquidity and interest rate environment, we may need to make additional investments to build brand awareness among our target customers in certain new business areas. For a detailed discussion of risks that we face in our business, please see "Risk Factors".

RESULTS OF OPERATIONS

Significant Accounting Policies

Basis of Preparation of Financial Statements

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

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

Use of Estimates

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

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a. Income and expenditure is accounted for on an accrual basis except as stated below:

   Interest on advances, securities and other assets classified as non-performing assets/ securities is recognized on realization in accordance with the guidelines issued by the RBI.

   Processing fees collected on loans disbursed, along with related loan acquisition costs, are recognized at the inception of the loan.

b. Income on assets given on lease

   Finance income in respect of assets given on lease is accounted based on the interest rate implicit in the lease in accordance with the guidance note issued by the ICAI in respect of leases given up to 31 March 2001 and in accordance with AS 19 – "Leases" in respect of leases given from 1 April 2001.

c. Sale of investments

   Realized gains on investments under Held To Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

d. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

e. Interest income on investments in PTCs is recognised at their effective interest rate.

f. Commission on guarantees and letters of credit issued is amortised on a straight-line basis over the period of the respective guarantees / letters of credit.

g. Arrangership /syndication fee is accounted for on completion of the agreed service and when right to receive is established.

h. Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Foreign Exchange Transactions

a. Transactions denominated in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

b. Monetary assets and liabilities denominated in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the balance sheet date as notified by Foreign Exchange Dealers Association of India ("FEDAI") and resulting gains/losses are recognised in the profit and loss account.

c. Outstanding foreign exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/ loss on revaluation is included in the profit and loss account.

d. Contingent liabilities denominated in foreign currencies are disclosed on the balance sheet date at the rates notified by FEDAI.

Derivative Transactions

Derivative transactions comprise long term forward contracts, interest rate swaps, currency swaps, currency and cross currency options to hedge on-balance sheet assets and liabilities or to take trading positions.

Derivative transactions designated as "Trading" are Marked to Market ("MTM") with resulting gains/losses included in the profit and loss account. Derivative transactions designated as "Hedge" are accounted for on an accrual basis.

Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through the profit and loss account.

Investments

For presentation in the balance sheet, investments (net of provisions) are classified under the following heads – Government securities, Other approved securities, Shares, Debentures and Bonds, Subsidiaries and Joint Ventures and Others, in accordance with the Third Schedule to the Banking Regulation Act, 1949.

Acquisition cost:

In determining the acquisition cost of an investment:

a. Brokerage, commission, etc. paid at the time of acquisition are charged to the profit and loss account.

b. Cost of investments is based on the weighted average cost method.

Valuation of Investments:

Valuation of investments is undertaken in accordance with the "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI. For purpose of the valuation, the Bank's

investments are classified into three categories, i.e. 'Held to Maturity', 'Held for Trading' and 'Available for Sale' at the time of their purchase:

a. "Held to Maturity" (HTM) comprises securities acquired by the Bank with the intention to hold them upto maturity. With the issuance of RBI Circular No. DBOD.BP.BC.37/21/04/141/2004-05 dated 2 September 2004, the investment in SLR securities under this category is permitted to a maximum of 25% of Demand and Time Liabilities.

b. "Held for Trading" (HFT) comprises securities acquired by the Bank principally for resale within 90 days from the date of purchase .i.e. to benefit from short-term price/interest rate movements.

c. "Available for Sale" (AFS) securities are those, which do not qualify for being classified in either of the above categories.

d. Transfer of securities between categories of investments is accounted for at the acquisition cost / book value / market value on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is fully provided for.

Valuation of investments is undertaken as under:

a. For investments classified as HTM, excess of cost over face value is amortized over the remaining period of maturity on a straight line basis. The discount, if any, being unrealised is ignored. Provisions are made for diminutions other than temporary in the value of such investments.

b. Investments classified as HFT and AFS are revalued at monthly intervals as per RBI and FIMMDA valuation norms. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

c. In the event provisions created on account of depreciation in the "Available for sale" or "Held for trading" categories are found to be in excess of the required amount in any year, such excess is recognised in the profit and loss account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve account in accordance with RBI guidelines after adjusting for income tax and appropriation to statutory reserve.

d. The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA. Special bonds such as Oil bonds, Fertiliser bonds etc. which are directly issued by Government of India ('GOI') that do not qualify for SLR are also valued by applying the mark up above the corresponding yield on GOI securities. Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Re.1 as per the RBI guidelines. Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, Commercial papers and Certificates of Deposit being discounted instruments, are valued at carrying cost.

REPO and Reverse REPO transactions conducted under LAF with RBI are accounted for on an outright sale and outright purchase basis respectively in line with RBI guidelines. The cost/income of the transactions upto the year end is accounted for as interest expense/income. However, in case of reverse REPO, the depreciation in value of security compared to original cost is provided for. Market REPO and Reverse REPO transactions are accounted as collateralised borrowings and lending respectively.

The Bank follows the settlement date method of accounting for purchase and sale of investments.

Disposal of investments:

Profit / loss on sale of investments under the aforesaid three categories is taken to the profit and loss account. The profit from sale of investment under HTM category, net of taxes and transfers to statutory reserve is appropriated from profit and loss account to "Capital Reserve" in accordance with the RBI Guidelines.

Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs and provisions in lieu of diminution in the fair value of restructured assets. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI.

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and also encourage banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories, and the provisioning done is higher than the minimum prescribed under RBI guidelines.

As per RBI guidelines, a general provision at the rate of 0.40% is made on all the standard advances except for the following where provision is made at different rates

a. at 0.25% for loans to Small and Micro Enterprises and direct agricultural advances; and

b. at 1.00% on Commercial Real Estate (CRE) sector.

c. at 2.00% on housing loans at teaser rates.

d. at 2.75% on restructured advances in the first two years from date of restructuring.

Provision towards standard assets is shown separately in the Balance Sheet under Schedule-5 – “Other liabilities and Provisions”.

For restructured/rescheduled assets, provision is made for diminution in the fair value of the assets in accordance with the guidelines issued by RBI.

Fixed Assets and Depreciation

Fixed assets are stated at historical cost less accumulated depreciation, with the exception of premises, which were revalued as at 31 December 1999, based on values determined by approved valuers.

Cost includes cost of purchase of the asset and all other expenditure in relation to its acquisition and installation and includes taxes (excluding service tax), freight and any other incidental expense incurred on the asset before it is ready for commercial use.

Office Equipment (including Electrical and Electronic equipment, Computers, Vehicles and other Office Appliances) are grouped under Other Fixed Assets.

a. Depreciation on Premises is charged on straight line basis at the rate of 1.63% upto 31 March 2002 and at 2% with effect from 1 April 2002.
b. Additional depreciation on account of revaluation of assets is deducted from the current year’s depreciation and adjusted in the Revaluation Reserve account.

Depreciation on the following items of Fixed Assets is charged over the estimated useful life of the assets on a straight line basis. The rates of depreciation are:

i. Electrical and Electronic equipment – 20%
ii. Furniture and Fixtures – 10%
iii. Vehicles – 20%

iv. Computers and Software – 33.33%
v. ATMs and VSAT equipment – 16.66%
vi. Improvements to leasehold premises – amortised over the shorter of primary period of lease or estimated useful life of such assets, which is currently estimated at 6 years.

Depreciation on Leased Assets is provided on WDV method at the rates stipulated under Schedule XIV to the Companies Act, 1956.

Software whose actual cost does not exceed Rs. 100,000 and other items whose actual cost does not exceed Rs. 10,000 are fully depreciated in the year of purchase.

Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the date of disposal.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Profits on sale of fixed assets is first credited to profit and loss account and then appropriated to capital reserve, net of taxes and appropriation to statutory reserve.

Impairment of Assets

In accordance with AS 28 – Impairment of Assets, the Bank assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the cash generating unit. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to a maximum of depreciated historical cost.

Non-Banking Assets

Non-banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with the Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

Employees' Stock Option Schemes

The Employee Stock Option Schemes provide for the grant of equity shares of the Bank to its employees. The Schemes provide that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

Employee Benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Bank makes specified monthly contributions towards employee provident fund and employee superannuation fund, which are defined contribution plans, to the funds set up by the Bank for the purpose and administered by a board of trustees. The Bank's contribution is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

Defined benefit plans

The Bank's pension and gratuity benefit schemes are defined benefit plans. The Bank's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation of the Bank's obligation is performed annually by a qualified actuary using the projected unit credit method.

The Bank recognises all actuarial gains and losses arising from defined benefit plans immediately in the profit and loss account. All expenses related to defined benefit plans are recognised in employee benefits expense in the profit and loss account. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss account on a straight-line basis over the average period until the benefits become vested.

The Bank recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated Absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since compensated absence do not fall due wholly within twelve months after the end of period in which the employees render the related service and also are not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified a long – term employee benefit. The Bank records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Lease Transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss Account on a straight line basis over the lease term in accordance with the AS-19, Leases, issued by the ICAI.

Taxes on Income

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

The Bank offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Net Profit / (Loss)

Net profit / (loss) disclosed in the profit and loss account is after considering the following:

a. Provision/ write off of non-performing assets as per the norms prescribed by RBI;

b. Provision for income tax and wealth tax;

c. Depreciation/ write off of investments; and

d. Other usual, necessary and mandatory provisions, if any.

Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share, issued by the ICAI. Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

Provisions, Contingent Liabilities and Contingent Assets

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Such provisions are not discounted to present value. A disclosure for a contingent liability is made when there is a possible obligation, or a present obligation where outflow of resources is not probable. Where 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 resource would be required to settle the obligation, the provision is reversed. The Bank does not account for or disclose contingent assets, if any.

FINANCIAL PERFORMANCE INDICATORS

We use a variety of indicators to measure our performance. These indicators are presented in tables in the section entitled "Selected Statistical Information". Our net interest income (or spread) represents our total interest income net of total interest expense. Net interest margin for any given period represents the ratio of net interest income to the daily average earning assets. The other key performance indicators are (1) the yield on average advances, (2) the yield on average investments, (3) the cost on the average of deposits and (4) the cost on the average of borrowings. Our cost of funds is the cost of the average of interest bearing liabilities.

Results of Operations

The table below sets forth a summary of our financial results containing significant items of our income and expenditure for Fiscal 2013, 2012 and 2011 based on our audited unconsolidated financial results as contained in "Financial Statements"..

(Rs. in millions, except percentages)

S.No	Particulars	Fiscal 2013		Fiscal 2012		Fiscal 2011	
		Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
	Income						
1	Interest Earned	48,616	86.99	38,568	85.20	26,941	80.44
2	Other Income	7,269	13.01	6,698	14.80	6,550	19.56
3	**Total Income**	**55,885**	**100.00**	**45,266**	**100.00**	**33,490**	**100.00**
	Expenditure						
4	Interest Expended	33,230	59.46	26,485	58.51	16,875	50.39
5	Operating Expenses	12,728	22.78	11,102	24.53	10,260	30.64
6	Provisions and Contingencies	3,797	6.79	3,116	6.88	3,168	9.46
7	**Total Expenditure**	**49,755**	**89.03**	**40,703**	**89.92**	**30,304**	**90.49**

8	**Net profit/(Loss)**	**6,130**	**10.97**	**4,563**	**10.08**	**3,186**	**9.51**

Results for Fiscal 2013 compared with Fiscal 2012

Income

Our total income increased by 23.46% to Rs. 55,885 million in Fiscal 2013 from Rs. 45,266 million in Fiscal 2012 mainly due to an increase in average advances to Rs. 298,701 million for Fiscal 2013 from Rs. 248,646 million for Fiscal 2012 and an increase in average investments to Rs. 137,231 million for Fiscal 2013 from Rs. 116,975 million for Fiscal 2012. The most significant item of our income is interest earned from advances.

Net Interest Income:

The following table sets forth the main components of the Bank's net interest income for the periods indicated.

(Rs. in millions, except percentages)

Particulars	Fiscal 2013	Fiscal 2012	% change
Interest/discount on advances/bills	35,498	28,678	23.78
Income on investments	13,066	9,819	33.07
Interest on balance with RBI and other inter bank funds	18	6	214.48
Others	34	65	(48.43)
Interest income	**48,616**	**38,568**	**26.05**
Interest on Deposits	25,791	21,530	19.79
Interest on RBI/Inter-Bank borrowings	3,927	2,467	59.17
Others (including interest on Tier II Bonds)	3,512	2,487	41.18
Interest Expense	**33,230**	**26,485**	**25.47**
Net interest income	**15,386**	**12,084**	**27.33**

Average assets of the Bank increased by 16.57% to Rs. 482,667 million in Fiscal 2013 from Rs. 414,051 million in Fiscal 2012. Average earning assets increased by 19.25% to Rs. 436,733 million in Fiscal 2013 from Rs.366,244 million in Fiscal 2012. Net interest income increased by 27.33% to Rs. 15,386 million in Fiscal 2013 from Rs. 12,084 in Fiscal 2012. The net interest margin in Fiscal 2013 increased to 3.52% from 3.30% in Fiscal 2012.

Interest Income:

Our interest income increased by 26.05% to Rs. 48,616 million in Fiscal 2013 from Rs. 38,568 million in Fiscal 2012.

Our interest income from advances increased by 23.78% to Rs. 35,498 million in Fiscal 2013 from Rs. 28,678 million in Fiscal 2012 due to an increase of 20.13% in average advances to Rs. 298,701 million from Rs. 248,646 million. In addition, our yield on advances increased to 11.88% in Fiscal 2013 from 11.53% in Fiscal 2012.

Our income on investments increased by 33.07% to Rs. 13,066 million in Fiscal 2013 from Rs. 9,819 million in Fiscal 2012 primarily due to an increase in average investments by 17.32% to Rs. 137,231 million in Fiscal 2013 from Rs. 116,975 million in Fiscal 2012. Amounts borrowed under repo transactions with the RBI are netted from investments as they are accounted for on an outright sale basis in line with RBI guidelines and interest payments are considered under interest expense. Under this accounting treatment, the yield on investments increased to 9.52% in Fiscal 2013 from 8.39% in Fiscal 2012 after adjusting for the repo amount from the investment balance. If, however, the repo amount were not netted from investment balances, the yield on investments would have increased to 7.31% in Fiscal 2013 from 7.00% in Fiscal 2012.

Our interest on balances with inter-bank funds increased to Rs. 18 million in Fiscal 2013 from Rs. 6 million in Fiscal 2012, whereas other interest income decreased to Rs. 34 million in Fiscal 2013 from Rs. 65 million in Fiscal 2012.

Interest Expense:

Our interest expense increased by 25.47% to Rs. 33,230 million in Fiscal 2013 from Rs. 26,485 million in Fiscal 2012. The increase in interest expense was primarily due to an increase in average interest bearing liabilities to Rs. 416,666 million in Fiscal 2013 from Rs. 354,421 million in Fiscal 2012 while the cost of interest bearing liabilities increased to 7.98% in Fiscal 2013 from 7.47% in Fiscal 2012. However, if repo balances with the RBI are adjusted as described above, the cost of interest bearing liabilities would have increased to 7.25% in Fiscal 2013 from 7.01% in Fiscal 2012.

Our interest on deposits increased by 19.79% to Rs. 25,791 million in Fiscal 2013 from Rs. 21,530 million in Fiscal 2012 primarily due to an increase in the cost of deposits to 7.25% in Fiscal 2013 from 6.99% in Fiscal 2012 and an increase in average deposits from Rs. 307,996 million to Rs. 355,906 million. Elevated interest rates prevailing in the market were the primary reason for the increase in cost of deposits.

Interest on RBI and inter-bank borrowings increased by 59.17% to Rs. 3,927 million in Fiscal 2013 from Rs. 2,467 million in Fiscal 2012. However, if the interest on repo balances with the RBI is adjusted, the interest on the RBI and inter-bank borrowings would have increased by 18.21%, while the average balance would have increased by 24.25% to Rs. 29,703 million in Fiscal 2013 from Rs. 23,907 million in Fiscal 2012.

Further, interest expenditure on other borrowings (including Tier II Bonds) increased by 41.18% to Rs. 3,512 million in Fiscal 2013 from Rs. 2,487 million in Fiscal 2012 primarily due to higher refinancing availed from financial institutions. The average balance of refinancing increased by 66.60% to Rs. 14,993 million from Rs. 9,000 million.

For the reasons described above, our net interest income increased by 27.33% to Rs. 15,386 million in Fiscal 2013 from Rs. 12,084 million in Fiscal 2012.

Other Income:

Our other income increased by 8.53% to Rs. 7,269 million in Fiscal 2013 from Rs. 6,698million in Fiscal 2012.

The following table sets forth the components of our non-interest income for the periods indicated:

(Rs. in millions, except percentages)

Particulars	Fiscal 2013	Fiscal 2012	% change
Commission, Exchange and Brokerage	4,794	4,690	2.22
Profit/(Loss) on sale of investment (net)	308	123	151.51
Profit/(Loss) on Exchange / derivative transactions (net)	1,680	1,471	14.18
Other miscellaneous income (including bad debts recoveries)	487	414	17.64
Total Other income	**7,269**	**6,698**	**8.53**

Our commission, exchange and brokerage income for Fiscal 2013 increased by 2.22% to Rs. 4,794 million in Fiscal 2013 from Rs. 4,690 million in Fiscal 2012 primarily due to higher asset processing fees and service charges, which were partly offset by lower wealth management income due to poor overall sentiment in capital markets and new regulatory caps imposed on fees we can charge clients.

Our profit on exchange/derivative transactions for Fiscal 2013 increased by 14.18% to Rs. 1,680 million in Fiscal 2013 from Rs. 1,471 million in Fiscal 2012 primarily due to higher income from client-driven transactions.

Our profit on sales of investments increased to Rs. 308 million in Fiscal 2013 from Rs. 123 million in Fiscal 2012 due to higher profits on sales and redemptions of Government securities and gains on sales of equity shares.

Operating expenses*:*

The following table sets forth the main component of the operating expenses for the periods indicated:

(Rs. in millions, except percentages)

Particulars	Fiscal 2013	Fiscal 2012	% change
Payments and provisions for Employees	7,507	6,510	15.31
Rent, taxes and lighting	1,100	978	12.44
Depreciation on bank's property	510	498	2.33
Other operating expenditure	3,612	3,115	15.93
Total Operating Expenses	**12,728**	**11,102**	**14.65**

Our operating expenses increased by 14.65% to Rs. 12,728 million in Fiscal 2013 from Rs. 11,102 million in Fiscal 2012. There was a 15.31% increase in expenses related to payments and provisions for employees. This was mainly due to an increase in retirement benefit provisions, increase in average head count during the year and increments to employees in Fiscal 2013. In addition, the increase reflects the proposed revision in pay scales for those employees who will be covered by the 10th Bipartite settlement between the IBA and bank unions.

Rent, taxes and lighting increased by 12.44% to Rs. 1,100 million in Fiscal 2013 from Rs. 978 million in Fiscal 2012 mainly due to the opening of 15 new branches and 70 ATMs during Fiscal 2013.

The increase in other operating expenditure to Rs. 3,612 million in Fiscal 2013 from Rs. 3,115 million in Fiscal 2012 is due to a general increase in business volumes.

***Provisions and Contingencies*:**

Provisions and contingencies increased by 21.87% to Rs. 3,797 million in Fiscal 2013 from Rs. 3,116 million in Fiscal 2012 mainly due to an increase by the Bank of its provision coverage ratio to 98.40% in Fiscal 2013 from 90.67% in Fiscal 2012, which was partly offset by a reduction in provisions for restructured advances and standard assets. Our gross NPA ratio improved to 1.76% as at March 31, 2013 from 1.92% as at March 31, 2012 and our net NPA ratio improved to 0.03% as at March 31, 2013 from 0.18% as at March 31, 2012. There was also an increase of 45.80% in provisions for taxes to Rs. 2,885 million in Fiscal 2013 from Rs. 1,979 million in Fiscal 2012 primarily on account of higher profits and a lower effective tax rate in Fiscal 2012 during which the Bank claimed deductions allowed on lending to infrastructure and other sectors under section 36(1)(viii) of the Income Tax Act 1961. The deduction had been claimed on a cumulative basis from the fiscal year ended March 31, 2008.

Net profit

As a result of the factors mentioned above, our net profits increased by 34.33% to Rs. 6,130 million in Fiscal 2013 from Rs. 4,563 million in Fiscal 2012.

Results for Fiscal 2012 compared with Fiscal 2011

Income

Our total income increased by 35.16% to Rs. 45,266 million in Fiscal 2012 from Rs. 33,490 million in Fiscal 2011 mainly due to an increase in average advances to Rs. 248,646 million for Fiscal 2012 from Rs. 202,309 million for Fiscal 2011 and an increase in average investments to Rs. 116,975 million for Fiscal 2012 from Rs. 106,137 million for Fiscal 2011. The most significant item of our income is interest earned from advances.

Net Interest Income:

The following table sets forth the main components of the Bank's net interest income for the periods indicated:

(Rs. in millions, except percentages)

Particulars	Fiscal 2012	Fiscal 2011	% change
Interest/discount on advances/bills	28,678	20,326	41.09
Income on investments	9,819	6,463	51.92
Interest on balance with RBI and other inter-bank funds	6	21	(71.71)
Others	65	131	(49.96)
Interest income	**38,568**	**26,941**	**43.16**
Interest on Deposits	21,530	13,568	58.69
Interest on RBI/Inter-Bank borrowings	2,467	478	416.31
Others (including interest on Tier II Bonds)	2,487	2,830	(12.11)
Interest Expense	**26,485**	**16,875**	**56.94**
Net interest income	**12,084**	**10,065**	**20.05**

Average assets of the Bank increased by 16.05% to Rs. 414,051 million in Fiscal 2012 from Rs. 356,778 million in Fiscal 2011. Average earning assets increased by 18.16% to Rs. 366,244 million in Fiscal 2012 from Rs. 309,967 million in Fiscal 2011. Net interest income increased by 20.05% to Rs. 12,084 million in Fiscal 2012 from Rs. 10,065 million in Fiscal 2011. The net interest margin in Fiscal 2012 increased to 3.30% from 3.25% in Fiscal 2011.

Interest Income:

Our interest income increased by 43.16% to Rs. 38,568 million in Fiscal 2012 compared to Rs. 26,941million in Fiscal 2011.

Our interest income from advances increased by 41.09% to Rs. 28,678 million in Fiscal 2012 from Rs. 20,326 million in Fiscal 2011 due to an increase of 22.90% in average advances to Rs. 248,646 million from Rs. 202,309 million and increase in our yield on advances to 11.53% in Fiscal 2012 from 10.05% in Fiscal 2011.

Our income on investments increased by 51.92% to Rs. 9,819 million in Fiscal 2012 from Rs. 6,463 million in Fiscal 2011 due to an increase in average investments by 10.21% to Rs. 116,975 million in Fiscal 2012 from Rs. 106,137 million in Fiscal 2011. Amounts borrowed under repo transactions with the RBI are netted from investments as they are accounted for on an outright sale basis in line with RBI guidelines and interest payments are considered under interest expense. Under this accounting treatment, the yield on investments increased to 8.39% in Fiscal 2012 from 6.09% in Fiscal 2011 after adjusting for the repo amount from the investment balance. If, however, the repo amount were not netted from investment balances, the yield on investments would have increased to 7.00% in Fiscal 2012 from 5.90% in Fiscal 2011.

Our interest on balances with inter-bank funds decreased to Rs. 6 million in Fiscal 2012 from Rs. 21 million in Fiscal 2011, while other interest income decreased to Rs. 65 million in Fiscal 2012 from Rs. 131 million in Fiscal 2011.

Interest Expense:

Our interest expense increased by 56.94% to Rs. 26,485 million in Fiscal 2012 from Rs.16,875 million in Fiscal 2011. The increase in interest expense was primarily due to an increase in average interest bearing liabilities to Rs. 354,421 million in Fiscal 2012 from Rs. 306,031 million in Fiscal 2011 while the cost of interest bearing liabilities increased to 7.47% in Fiscal 2012 from 5.51% in Fiscal 2011. However, if repo balances with the RBI are adjusted as described above, the cost of interest bearing liabilities would have increased to 7.01% in Fiscal 2012 from 5.45% in Fiscal 2011.

Interest on deposits increased by 58.69% to Rs. 21,530 million in Fiscal 2012 from Rs. 13,568 million in Fiscal 2011primarily due to an increase in cost of deposits to 6.99% in Fiscal 2012 from 5.25% in Fiscal 2011 and an increase in average deposits from Rs. 258,500 million to Rs. 307,996 million. Elevated interest rates prevailing in the system were the primary reason for the increase in cost of deposits.

Interest on RBI/Interbank borrowing increased to Rs. 2,467 million in Fiscal 2012 from Rs. 478 million in Fiscal 2012. However, if the interest on repo balances with the RBI is adjusted, the interests on RBI and inter-bank borrowings would have increased by 144.77% while the average balance would have increased by 50.48% to Rs. 23,907 million in Fiscal 2012 from Rs. 15,887 million in Fiscal 2011.

Further, interest expenditure on other borrowings decreased by 12.11% to Rs. 2,487 million in Fiscal 2012 from Rs. 2,830 million in Fiscal 2011 primarily due to lower refinancing availed from financial institutions. The average balance of refinance decreased 51.40% to Rs. 9,000 million from Rs. 18,517 million, which partly offset by an increase in foreign currency borrowings by 53.10% to Rs. 6,859 million in Fiscal 2012 from Rs. 4,480 million in Fiscal 2011.

For the above reasons described, our net interest income increased by 20.05% to Rs. 12,084 million in Fiscal 2012 from Rs. 10,065 million in Fiscal 2011.

Other Income:

Other income increased by 2.26% to Rs. 6,698million in Fiscal 2012from Rs. 6,550 million in Fiscal 2011.

The following table sets forth the components of the non-interest income for the periods indicated:

(Rs. in millions, except percentages)

Particulars	Fiscal 2012	Fiscal 2011	% change
Commission, Exchange and Brokerage	4,690	4,189	11.96
Profit/(Loss) on sale of investment (net)	123	820	(85.05)
Profit/(Loss) on Exchange / derivative transactions (net)	1,471	1,021	44.09

Other miscellaneous income (including bad debts recoveries)	414	520	(20.44)
Other income	**6,698**	**6,550**	**2.26**

Our commission, exchange and brokerage income for Fiscal 2012 increased by 11.96% to Rs. 4,690 million in Fiscal 2012 from Rs. 4,189 million in Fiscal 2011 primarily due to higher trade finance income, asset processing fees, wealth management income and alternate channel income, which were partly offset by lower advisory fees.

Our profit on exchange/derivative transactions for Fiscal 2012 increased by 44.09% to Rs. 1,471 million in Fiscal 2012 from Rs. 1,021 million in Fiscal 2011 primarily due to higher income from client-driven transactions and higher trading income.

Our profit on sales of investments decreased to Rs. 123 million in Fiscal 2012 from Rs. 820 million in Fiscal 2011, primarily due to lower income from money market mutual funds in Fiscal 2012 and the gain on sales of equity shares realized in Fiscal 2011.

***Operating expenses**:*

The following table sets forth the main component of the operating expenses for the periods indicated:

(Rs. in millions, except percentages)

Particulars	Fiscal 2012	Fiscal 2011	% change
Payments and provisions for Employees	6,510	6,057	7.49
Rent, taxes and lighting	978	814	20.20
Depreciation on bank's property	498	477	4.35
Other operating expenditure	3,115	2,912	6.97
Total Operating Expenses	**11,102**	**10,260**	**8.21**

Our operating expenses increased by 8.21% to Rs. 11,102 million in Fiscal 2012from Rs. 10,260 million in Fiscal 2011. The increase in operating expenses during the year was mainly on account of increase of 7.49% in payments and provisions to employees to Rs. 6,510 million in Fiscal 2012 from Rs. 6,057 million in Fiscal 2011. This was mainly due to an increase in headcount, increments to employees in Fiscal 2012 and an increase in retirement benefit provisions, which were partly offset by the additional charge of Rs. 681 million taken in Fiscal 2011 towards the second pension option and enhancement in gratuity limits.

Rent, taxes and lighting increased by 20.20% to Rs. 978 million in Fiscal 2012 from Rs. 814 million in Fiscal 2012 mainly due to the full year impact in Fiscal 2012 of additional branches and ATMs opened during Fiscal 2011.

The increase in other operating expenditure to Rs. 3,115 million in Fiscal 2012 from Rs. 2,912 million in Fiscal 2011 is due to an increase in business volumes.

***Provisions and Contingencies*:**

Provisions and contingencies decreased by 1.65% to Rs. 3,116 million in Fiscal 2012 from Rs. 3,168 million in Fiscal 2011mainly due to a lower provision for NPAs offset by an increase in provision for tax.The Bank increased its provision coverage ratio to 90.67% in Fiscal 2012 from 83.41% in Fiscal 2011. Further, our gross NPA ratio improved to 1.92% as at March 31, 2012 from 2.30% as at March 31, 2011 and our net NPA ratio improved to 0.18% as at March 31, 2012 from 0.39% as at March 31, 2012.

Net profit

As a result of the factors mentioned above, our net profits increased by 43.20% to Rs. 4,563million in Fiscal 2012 from Rs. 3,186 million in Fiscal 2011.

Financial Condition

Our net worth (excluding revaluation reserves) increased to Rs. 45,240 million as of March 31, 2013 from Rs. 38,763 million as of March 31, 2012.

Assets

The following table sets forth the principal components of the assets as of March 31, 2013, 2012 and 2011:

(Rs. in millions, except percentages)

Particulars	As at March 31, 2013	% change	As at March 31, 2012	% change	As at March 31, 2011
Cash and balances with RBI	19,447	(1.90)	19,824	(9.22)	21,838
Balance with banks and money at call and short notice	8,887	(28.80)	12,482	269.68	3,376
Investments	182,782	43.75	127,155	14.99	110,207
Advances	317,720	10.56	287,367	21.75	236,021
Fixed assets	4,996	(0.24)	5,008	(0.40)	5,028
Other assets	14,531	(20.03)	18,170	36.69	13,669
Total Assets	**548,364**	**16.67**	**470,005**	**20.47**	**390,140**

The following table sets forth, as of the dates indicated, a breakdown of our investment portfolio.

(Rs. in millions)

Particulars	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011
Government Securities	125,117	86,689	81,916
Other Approved Securities	0	0	0
Shares	590	590	81
Debentures and Bonds	2,712	1,876	1,585
Investment in subsidiaries and Associates	21	21	21
Others (MFs, commercial paper and post office deposits)*	54,343	34,979	26,604
TOTAL	**182,782**	**127,155**	**110,207**

* Includes deposits with NABARD, NHB, SIDBI and PTCs.

Total assets increased by 16.67% to Rs. 548,364 million as of March 31, 2013 from Rs. 470,005 million as of March 31, 2012, primarily due to an increase in investments and advances. Our investments increased by 43.75% to Rs. 182,782 million as of March 31, 2013 from Rs. 127,155 million as of March 31, 2012 as we invested in pass through certificates which qualify for priority sector lending. Our advances grew by 10.56% to Rs. 317,720 million as of March 31, 2013 from Rs. 287,367 million as of March 31, 2012, while customer assets grew by 17.42% to Rs. 343,704 million as of March 31, 2013 from Rs. 293,045 million as of March 31, 2012. Our balances with banks and money at call and short notice decreased by 28.80% mainly due to lower placements with banks at the end of Fiscal 2013.

Total assets increased by 20.47% to Rs. 470,005 million as of March 31, 2012 from Rs. 390,140 million as of March 31, 2011, primarily due to an increase in advances, balances with banks and money at call and short notice and other assets. Our advances increased by 21.75% to Rs. 287,367 million as of March 31, 2012 from Rs. 236,021 million as of March 31, 2011. Our balances with banks and money at call and short notice increased by 269.68% to Rs. 12,482 million as of March 31, 2012 from Rs. 3,376 million as of March 31, 2011, primarily due to higher placements with banks. Other assets increased by 32.93% to Rs. 18,170 million as of March 31, 2012 from Rs. 13,669 million as of March 31, 2011, mainly due to higher mark-to-market on the derivative exposure.

Capital and Liabilities

The following table sets forth the principal components of capital and liability as of March 31, 2013, 2012 and 2011:

(Rs. in millions, except percentages)

Particulars	March 31, 2013	% change	March 31, 2012	% change	March 31, 2011
Capital **(A)**	1,557	2.66	1,517	23.47	1,229
Reserves and surplus **(B)**	44,711	16.80	38,281	53.04	25,014
Shareholders' funds (A+B)	**46,268**	**16.26**	**39,798**	**51.65**	**26,243**
Deposits	413,340	17.44	351,954	16.56	301,943
Borrowings	65,113	14.30	56,965	37.37	41,469
Other liabilities and provisions	23,644	11.07	21,288	3.92	20,485
Total liabilities and shareholders' funds	**548,364**	**16.67**	**470,005**	**20.47**	**390,140**

(1)Reserves and surplus include employee stock option outstanding.

Total shareholders' funds increased by 16.26% to Rs. 46,268 million as of March 31, 2013 from Rs. 39,798 million as of March 31, 2012 mainly due to profit accruals in Fiscal 2013. Total shareholders' funds increased by 51.65% to Rs. 39,798 million as of March 31, 2012 from Rs. 26,243 million as of March 31, 2011 due to profit accruals and capital infusion in Fiscal 2012.

Deposits increased by 17.44% to Rs. 413,340 million as of March 31, 2013 from Rs. 351,954 million as of March 31, 2012, and by 16.56% to Rs. 351,954 million as of March 31, 2012 from Rs. 301,943 million as of March 31,2011, mainly due to a general increase in business volumes.

Borrowings increased 14.30% to Rs. 65,113 million as of March 31, 2013 from Rs. 56,965 million as of March 31, 2012, mainly due to an increase in foreign currency borrowings. Borrowings increased by 37.37% to Rs. 56,965 million as of March 31, 2012 from Rs. 41,469 million as of March 31,2011, mainly due to an increase in refinancings from financial institutions and foreign currency borrowings.

Liquidity and Capital Resources

Cash Flows

	For the Fiscal year ended March 31,		
	2013	**2012**	**2011**
		(Rs. in millions)	
Cash flow generated used in operating activities	(12,157)	(17,214)	(9,241)
Cash flow used in investing activities	(504)	(467)	(427)
Cash flow from financing activities	8,689	24,772	4,612
Cash and cash equivalents at the end of the year	28,335	32,306	25,214

We need cash primarily to finance lending to new and existing borrowers and to meet working capital requirements. We fund these requirements through a variety of sources, including deposits, short-term borrowings and long-term borrowings, such as refinancing from financial institutions and banks, Tier II issuances as well as equity issuances.

Operating Activities

In Fiscal 2013, 2012 and 2011, we used net cash in operating activities of Rs. 12,157 million, Rs. 17,214 million and Rs. 9,241 million, respectively. We derive our cash inflows from operating activities principally from the receipt of interest income and other income, including fee income, as well as net proceeds from deposits. Our cash outflow from operating activities principally comprises the disbursement of loans to customers, the funding of investments, placements with the RBI, the payment of interest on deposits and borrowings and general operating expenses.

Investing Activities

We used net cash in investing activities of Rs. 504 million, Rs. 467 million and Rs. 427 million in Fiscal 2013, 2012, and 2011, respectively. We increased the amount of fixed asset purchases in the Fiscal 2013, 2012 and 2011 in the ordinary course of our business and in connection with our branch expansion strategy.

Financing Activities

We generated net cash from financing activities of Rs. 8,689 million, Rs. 24,772 million and Rs 4,612 million in Fiscal 2013, 2012 and 2011, respectively. During Fiscal 2012, our financing activities also included raising share capital at a premium through issuances to qualified institutions and preferential placement under the SEBI regulations and guidelines. During Fiscal 2013, we issued subordinated debt in the form of Tier II bonds.

Liquidity

We regularly monitor our funding levels to ensure we are able to meet the requirements of our loan disbursements and those that would arise upon maturity of our liabilities. We maintain diverse sources of funding and liquid assets to maintain the ability to meet our liquidity requirements. Liquidity is provided principally by deposits and borrowings from banks and financial institutions, deposits from customers and

retained earnings. The Bank monitors the RBI limits on gaps and overall duration of assets and liabilities. Maturity mismatches between borrowing sources and asset portfolio are also monitored closely and regularly.

For further information, see the section "Selected Statistical Information".

Risk and Risk Management

For a discussion of our risk management framework, please see the section "Business – Risk Management".

OTHERS

Credit Ratings

Our current credit ratings as given by CRISIL are "CRISIL AA" for Lower Tier II Bonds, "CRISIL AA" for Upper Tier II Bonds, "CRISIL AA" for Tier I perpetual bonds, "FAAA" for fixed deposits and "CRISIL A1+" for Certificate of deposits. India Ratings & Research has given us a rating of "IND AA-" with respect to our Lower Tier II bonds. These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due.

Off Balance Sheet Arrangements and Financial Instruments

Please see Annexure IV of our Financial Statements for details of off balance sheet arrangements and financial instruments.

Related Party Transactions

We have entered into and expect to enter into transactions with a number of related parties, including our Promoters. For further information regarding our related party transactions prepared in accordance with Accounting Standard 18 as issued by the Institute of Chartered Accountants of India, see "***Related Party Transactions***" at Annexure IV of our Financial Statements.

Capital Adequacy

We are subject to the capital adequacy requirements of the RBI. We are required to maintain a minimum capital adequacy ratio of 9% (of which Tier 1 capital is 6%) prescribed by RBI guidelines based on total capital to risk-weighted assets.

Our capital adequacy ratios are as follows:

	As of March 31,		
	2013	**2012**	**2011**
	(Rs. in millions, except percentages)		
Capital base amount			
Tier I capital	44,526	38,498	24,637
Tier II capital	11,659	9,461	9,440
Total capital (TC)	56,185	47,959	34,077
Total RWA	424,215	342,673	263,330
Capital to risk assets ratios ("CRAR")			
Capital adequacy ratio ("CRAR") (%)	13.24%	14.00%	12.94%
CRAR – Tier I capital (%)	10.49%	11.23%	9.36%
CRAR – Tier II capital) (%)	2.75%	2.77%	3.58%

Under RBI guidelines for the implementation of the new capital adequacy framework issued on April 27, 2007, banks that do not have an operational presence outside India are required to migrate to the revised framework for capital computation under Basel II norms with effect from March 31, 2009; the data in the above table is in accordance with Basel II.

During Fiscal 2012, we completed a qualified institutions placement of 15,000,014 Equity Shares under the SEBI regulations at a price of Rs. 342.09 per Equity Share aggregating Rs. 5,131 million to certain qualified institutional investors. We also issued 13,257,349 Equity Shares by way of preferential allotment to ING Group at a price of Rs. 344.23 per Equity Share aggregating Rs. 4,564 million. This helped increase our capital

adequacy ratio to 14.00% as of March 31, 2012. During Fiscal 2013, we issued Rs. 3,060 million in unsecured subordinated Tier II bonds. As a consequence of such capital issuances, our capital funds increased, which helped increase our capital adequacy ratio to 13.24% as of March 31, 2013.

As of March 31, 2013 our capital adequacy ratio was 13.24% as per Basel II comprising of Tier I capital of Rs. 44,526 million (CRAR – Tier I capital of 10.49%) and Tier II capital of Rs. 11,659 million (CRAR – Tier II capital of 2.75%).

Recent Developments after March 31, 2013

Except as stated in this Placement Document, there have not arisen, since March 31, 2013 which is the date of the last Financial Statements, any circumstances that have materially and adversely affected the profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

INDUSTRY OVERVIEW

The information in this section has been extracted from the websites of and publicly available documents from various sources, including the RBI, SEBI, the IRDA. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has verified the information provided in this chapter. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

Overview of the Indian Economy

According to the CIA Factbook, India, with a population of over 1.22 billion people, had a gross domestic product ("GDP") on a purchasing power parity ("PPP") basis of approximately US$4.784 trillion in 2012. This made India the fourth largest economy in the world after the United States, the European Union and China on a PPP basis.

The following table extracted from the International Monetary Fund's World Economic Outlook of April 2013 presents a comparison by calendar year of real GDP growth rate of certain countries:

(In %)

Country	2008	2009	2010	2011	2012	2013E	2014P
Australia	2.7	1.4	2.6	2.4	3.6	3.0	3.3
Brazil	5.2	(0.3)	7.5	2.7	0.9	3.0	4.0
China	9.6	9.2	10.4	9.3	7.8	8.0	8.2
India	**6.2**	**5.0**	**11.2**	**7.7**	**4.0**	**5.7**	**6.2**
Japan	(1.0)	(5.5)	(4.7)	(0.6)	2.0	1.6	1.4
Malaysia	4.8	(1.5)	7.2	5.1	5.6	5.1	5.2
Russian Fed.	5.2	(7.8)	4.5	4.3	3.4	3.4	3.8
Korea, Rep.	2.3	0.3	6.3	3.6	2.0	2.8	3.9
Thailand	2.5	(2.3)	7.8	0.1	6.4	5.9	4.2
UK	(1.0)	(4.0)	1.8	0.9	0.2	0.7	1.5
USA	(0.3)	(3.1)	2.4	1.8	2.2	1.9	3.0

Note: Data for Fiscal 2013 is an estimate and for 2014 is projected.

The following table presents a comparison by Fiscal year of GDP growth at factor cost in India:

(In %)

Country	2008	2009	2010PE	2011QE	2012RE	2013AE	2014P
India	9.3	6.7	8.4	8.4	6.5	5.0	6.0

Note: Data for Fiscal 2010 is a provisional estimate, for Fiscal 2011 is a quick estimate, for Fiscal 2012 is a revised estimate, for Fiscal 2013 is an advanced estimate and for Fiscal 2014 is projected.

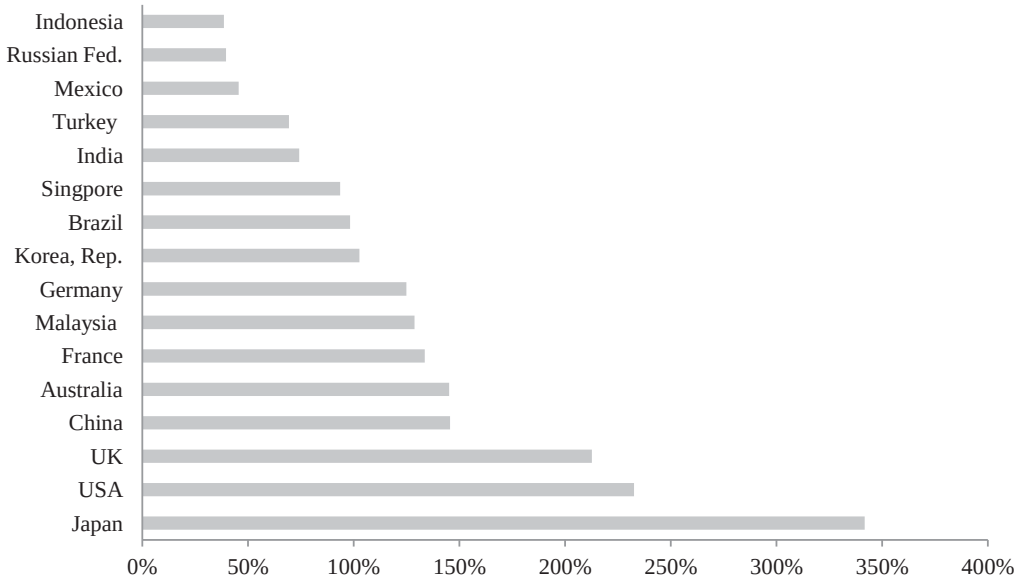
(Sources: RBI, Handbook of Statstics of the Indian Economy dated September 14, 2012; Central Statistics Office, Ministry of Statistics and Programme Implementation, Provisional Estimates of Annual National Income 2012-13 and Quarterly Estimates of Gross Domestic Product, 2012-13 dated May 31, 2013; RBI's 23rd Round of the Survey of Professional Forecasters outside the RBI).

Overview of the Indian Banking System

The banking system in India is comprised of commercial and cooperative banks. As on April 26, 2013 there were 153 scheduled commercial banks, which are further classified as commercial or cooperative banks, and four non-scheduled commercial banks. Commercial banks accounted for over 60% of the total assets of the Indian financial system in Fiscal 2012. *(Sources: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks – September 2012; RBI, Bulletin June 2013; RBI, Annual Report 2011-12).*

The Indian banking sector remains underpenetrated in comparison to other countries. The following chart shows domestic credit provided by the banking sector as a percentage of GDP for certain countries in calendar 2011:

Domestic Credit Provided by Banking Sector (% of GDP)

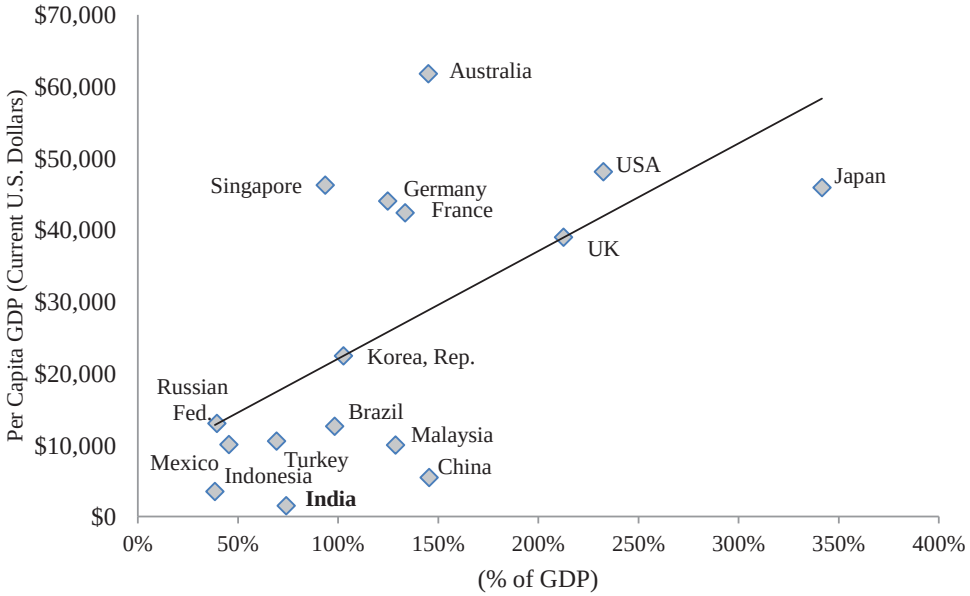


Note: Includes all credit to various sectors on a gross basis except credit to the central government, which is net. The banking sector includes monetary authorities and deposit money banks, as well as other banking institutions where data are available (including institutions that do not accept transferable deposits but do incur such liabilities as time and savings deposits such as savings and mortgage loan institutions and building and loan associations). Examples of other banking institutions are savings and mortgage loan institutions and building and loan associations.

(Sources: The World Bank: World Development Indicators: International Monetary Fund, International Financial statistics and data files and World Bank and OECD GDP estimates).

Domestic credit may be positively correlated with GDP. The following chart shows domestic credit provided by the banking sector compared to GDP at purchaser's price in current U.S. Dollars for certain countries in calendar 2011:

Domestic Credit Provided by Banking Sector and Per Capita GDP



Note: GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. GDP is

calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data is in current U.S. dollars. For domestic credit provided by banking sector as a percent of GDP, see the above chart.
(Sources: World Bank: World Development Indicators: World Bank national accounts data and OECD national accounts data files).

Reserve Bank of India

The RBI, established in 1935, is the central banking and monetary authority in India. Besides regulating and supervising the banking system, some of important functions performed by the RBI are as follows:

- acts as the central bank and the monetary authority of India;
- issuer of currency;
- debt manager for the central and state governments;
- regulator and supervisor for NBFCs;
- manages the country's foreign exchange reserves;
- manages the capital account of the balance of payments;
- designs and operates payment systems;
- operates grievance redressal scheme for bank customers through the Banking Ombudsmen and formulates policies for fair treatment of banking customers; and
- develops initiatives like financial inclusion and the strengthening of the credit delivery mechanisms for agriculture, and small and micro-enterprises, especially in rural areas.

Further, the RBI issues guidelines on exposure standards, income recognition, asset classification, provisioning for non-performing and restructured assets, classification, valuation and operation of investment portfolios and capital adequacy for commercial banks, long-term lending institutions and NBFCs. The RBI requires the aforementioned institutions to report information relating to their businesses on a regular basis. For further information regarding the RBI's role as the regulatory and supervisory authority of India's financial system and its impact on us, see *"Regulations and Policies"*.

Major Participants in the Indian Financial System

Commercial Banks

Scheduled commercial banks are banks that are listed in the schedule to the Reserve Bank of India Act, 1934 (the "RBI Act"), and may be further categorised as public sector banks, private sector banks, foreign banks and state cooperative banks. As on April 26, 2013, there were 153 scheduled commercial banks and four non-scheduled commercial banks. Commercial banks not included in the second schedule of the RBI Act are known as "non-scheduled banks" and are not governed by the RBI. . Non-scheduled commercial banks have a negligible impact on the Indian banking system. Scheduled commercial banks have a presence throughout India, with 62.96% of offices located in rural or semi-urban areas of the country as on September 28, 2012. *(Sources: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks – September 2012).*

Public Sector Banks

Public sector banks are scheduled commercial banks with significant GoI shareholding and constitute the largest category of banks in the Indian banking system. Public sector banks include the State Bank of India ("SBI") and its five associate banks, 19 nationalised banks, IDBI Bank Limited and 82 regional rural banks. The SBI and its five associate banks, 19 nationalized banks and IDBI Bank Limited had 69,422 offices, or 69.29% of offices of scheduled commercial banks in India, and accounted for 74.3% of the outstanding gross bank credit and 70.4% of the aggregate deposits of scheduled commercial banks as on September 28, 2012. The public sector banks' large network of branches enables them to fund themselves out of low cost deposits. *(Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks – September 2012).*

Regional rural banks were jointly established from 1976 to 1987 by the Government, State governments and sponsoring commercial banks with a view to develop the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural labourers. The National Bank for Agriculture and Rural Development is responsible for regulating and supervising the functions of the regional rural banks.

As on September 28, 2012, there were 82 regional rural banks with 16,519 offices, accounting for 2.9% of aggregate deposits and 2.6% of gross bank credit outstanding of all scheduled commercial banks. *(Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks – September 2012).*

Private Sector Banks

After the first phase of bank nationalisation was completed in 1969, public sector banks made up the largest portion of Indian banking. The focus on public sector banks was maintained throughout the 1970s and 1980s. Furthermore, existing private sector banks which showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI introduced new norms for the entry of the private sector into the banking system. Between 1993 and 2001, twelve private sector banks were licensed of which seven survive. These banks are collectively known as the "new" private sector banks.

As on September 28, 2012, the 27 private sector banks, including the seven new private sector banks, had 13,911 offices, accounting for 18.4% of aggregate deposits and 19.6% of gross bank credit outstanding of all scheduled commercial banks. *(Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks – September 2012).* For a discussion of recent RBI regulations regarding the new private sector entrants, see *"- Lowering Barriers of Entry to the Banking Sector".*

Foreign Banks

As on March 31, 2013, there were 46 foreign banks with branch offices in India. On March 31, 2013 and September 28, 2012, foreign banks operated 331 and 307 offices, respectively. Foreign banks accounted for 4.3% of aggregate deposits and 4.9% of outstanding gross bank credit of all scheduled commercial banks as on September 28, 2012. *(Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks – September 2012).* As part of the liberalisation process, the RBI has permitted foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The Government has permitted foreign banks to operate in India by setting up branches, incorporating wholly-owned subsidiaries or acquiring up to 74.00% of the equity share capital of an Indian private sector bank. The primary activity of most foreign banks in India has been in the corporate segment. Their consumer finance product offerings include automobile finance, home loans, credit cards and household consumer finance. For a discussion of recent RBI regulations aimed in part to encourage foreign banks to expand, see *"- Lowering Barriers of Entry to the Banking Sector".*

State Cooperative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. Presently, the RBI is responsible for supervision and regulation of urban cooperative societies, and the National Bank for Agriculture and Rural Development ("NABARD") for State Co-operative Banks and District Central Co-operative Banks. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 has replaced the Banking Regulation (Amendment) and Miscellaneous Provisions Ordinance, 2004, promulgated on September 24, 2004 to enable RBI to issue licenses to multi-state cooperative societies to carry on banking business. During Fiscal 2006, the RBI outlined a Medium-Term Framework for urban cooperative banks. Subsequently a task force for urban cooperative banks has been set up in certain States to identify and establish a time bound action plan for the revival of potentially viable urban cooperative banks and for a non-disruptive exit for non-viable urban cooperative bank

Long-Term Lending Institutions

Long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernisation of existing facilities. These institutions provide fund-based and non-fund-based assistance to industry in the form of loans,

underwriting, direct subscription to shares, debentures and guarantees. The primary long-term lending institutions presently include Industrial Finance Corporation of India and Industrial Investment Bank of India.

The long-term lending institutions were expected to play a critical role in Indian industrial growth and accordingly had access to concessional Government funding. However, in recent years, the operating environment of the long-term lending institutions has changed substantially. Although the initial role of these institutions was largely limited to providing a channel for Government funding to industry, the reform process required them to expand the scope of their business activities. Their activities include:

- fee-based activities such as investment banking and advisory services; and
- short-term lending activity including corporate finance and issuing working capital loans.

The RBI in its mid-term review of monetary and credit policy for Fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms applicable to banks. In April 2001, the RBI issued operational and regulatory guidelines required to transition long-term lending institutions into universal banks. In April 2002, ICICI Limited merged with ICICI Bank Limited. The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003, converted the Industrial Development Bank of India into a banking company incorporated under the Companies Act, 1956, on September 27, 2004, with exemptions from certain statutory and regulatory norms applicable to banks, including an exemption for a certain period from the statutory liquidity ratio ("SLR"). IDBI Bank Limited, a new private sector bank that was a subsidiary of the Industrial Development Bank of India, was merged with the Industrial Development Bank of India in April 2005.

Non-Banking Finance Companies

There were 12,361 non-bank finance companies in India, mostly in the private sector, as of March 31, 2012. The NBFCs may be categorised into entities which take public deposits and those which do not. As of April 30, 2013, there were 257 NBFCs registered to take public deposits. The companies which accept public deposits are subject to supervision and capital adequacy requirements of the RBI. The scope and activities of NBFCs have grown significantly over the years. The primary activities of the NBFCs are consumer credit, including automobile finance, home finance and consumer durable products finance, microfinance wholesale finance products such as bill discounting for small and medium-sized companies, and fee-based services such as investment banking and underwriting. *(Sources: RBI, Report on Trend and Progress of Banking in India 2011-12; RBI list of NBFCs available at www.rbi.org.in/scripts/bs_nbfclist.aspx).*

Housing Finance Companies

Housing finance companies form a distinct sub-group of NBFCs. As a result of various incentives given by the Government for investing in the housing sector in recent years, the scope of this business has grown substantially. Until recently, Housing Development Finance Corporation Limited was the premier institution providing housing finance in India. In recent years, several other players, including banks, have entered the housing finance industry. The National Housing Bank and the Housing and Urban Development Corporation Limited are the two Government-controlled financial institutions created to improve the availability of housing finance in India. The National Housing Bank Act, 1987, provides for the securitisation of housing loans, foreclosure of mortgages and establishment of the Mortgage Credit Guarantee Scheme. Housing loans up to certain limits prescribed by the RBI as well as mortgage-backed securities qualify as priority sector lending under the RBI's directed lending rules.

Other Financial Institutions

Specialised Financial Institutions

In addition to the long-term lending institutions, there are various specialised financial institutions which cater to the specific needs of different sectors. These include the National Bank for Agricultural and Rural Development, Export-Import Bank of India, Small Industries Development Bank of India, Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited, the Infrastructure Development Finance Company Limited and India Infrastructure Financing Company Limited.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium sized enterprises. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large-sized enterprises.

Investment Banks

There are a number of investment banks registered with SEBI. Investment banks are licensed for the purpose of managing products such as IPOs, tender offers and share buybacks. As per SEBI Stock-Brokers Regulations, investment banks can only engage in non-fund based activities with the exception of primary dealers in Government securities. Investment banks provide strategic advisory services related to mergers, acquisitions and restructurings, as well as risk management solutions.

Insurance Companies

As on March 11, 2013, there were 52 insurance companies in India, of which 24 were life insurance companies, 27 were general insurance companies and one was a reinsurance company. Of the 24 life insurance companies, 23 were in the private sector and one, the Life Insurance Corporation, was in the public sector. Among the general insurance companies, 21 were in the private sector and six, including the Export Credit Guarantee Corporation of India Limited and the Agriculture Insurance Company of India Limited, were in the public sector. The sole reinsurance company, General Insurance Corporation of India, was in the public sector. The total premiums underwritten by the life insurance sector in Fiscal 2012 was Rs. 2,870,721.1 million as compared to Rs. 2,916,386.3 million in Fiscal 2011. The market share of private sector life insurance companies on the basis of first-year premiums and renewal premiums in Fiscal 2012 was 28.15% and 30.09%, respectively, as compared to 31.16% and 29.52%, respectively, in Fiscal 2011, which reflected an increase in market share of the Life Insurance Corporation. The total premiums underwritten by non-life insurance companies in Fiscal 2012 was Rs. 528,757.7 million as compared to Rs. 425,764.7 million in Fiscal 2011. The market share of private sector non-life insurance companies on the basis of total premiums increased from 40.9% in Fiscal 2011 to 42.2% in Fiscal 2012 (Sources: IRDA, Annual Report 2011-2012; IRDA, lists of insurers available at www.irda.gov.in*)*.

For details of the RBI regulations regarding sales of insurance products by banks and referral arrangements with insurance companies for cross-selling of insurance products by banks, see *"Regulations and Policies"*.

Mutual Funds

A mutual fund is a mechanism under which investors purchase units in a fund which in turns invests in securities in accordance with the fund's objectives. From 1963 to 1987, Unit Trust of India was the only mutual fund operating in India. In 1963, the Unit Trust of India was established as the sole mutual fund operating in India at the initiative of the Government and the RBI. From 1987 onwards, several other public sector mutual funds were established and, in 1993, participation was broadly opened up to private sector funds. SEBI issued the Securities and Exchange Board of India (Mutual Fund) Regulations, 1993 which registered and governed all mutual funds except for the Unit Trust of India, was replaced by the more comprehensive Securities and Exchange Board of India (Mutual Fund) Regulations, 1996.

The assets under management by all mutual funds decreased by 0.8% to Rs. 5,872,170 million at the end of March 2012 from Rs. 5,922,500 million at the end of March 2011. Mutual funds experienced a second consecutive year of net outflow of resources during Fiscal 2012 with a net outflow of resources from all mutual funds of Rs. 220,240 million in Fiscal 2012 as compared to a net outflow of resources of Rs. 494,060 million in Fiscal 2011 and net inflow of resources of Rs. 830,800 million in Fiscal 2010. (Source: SEBI, Annual Report 2011-12).

Key Banking Industry Trends in India

Until 1991, the financial sector in India was heavily controlled. Commercial banks and long-term lending institutions, the two dominant financial intermediaries, had mutually exclusive roles and objectives and operated in a largely stable environment with little or no competition. Long-term lending institutions focused on achieving the Government's various socio-economic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. Long-term lending institutions were given access to long-term funds at subsidised rates through loans and equity from the Government and from funds guaranteed by the Government originating from commercial banks in India and foreign currency resources originating from multilateral and bilateral agencies. The focus of commercial banks was primarily to mobilise household savings through demand and time deposits and to use these deposits to meet the short-term financial needs of borrowers in industry, trade and agriculture. The RBI exercised a greater degree of control over banks, placed higher restrictions on entrants to the banking sector and maintained interest rates at an artificially low level. Banks were required to invest a higher proportion of assets in SLRs. Banks did not follow uniform accounting practices for income recognition, classification of assets into performing and non-performing, provisioning for non-performing assets and valuation of investment securities. Banks were not subject to uniform capital adequacy requirements. As a result, when compared to the present, the banking sector was inefficient, bank profitability was relatively low, NPAs were high, capital adequacy was diminished and operational flexibility was hindered.

Since 1991, however, comprehensive financial sector reforms in the Indian financial system have transformed the operating environment of banks and long-term lending institutions. In particular, the deregulation of interest rates, emergence of a liberalised domestic capital market, the entry of new private sector banks and the broadening of long-term lending institutions' product portfolios have progressively intensified competition among banks and long-term lending institutions. The RBI has permitted the transformation of long-term lending institutions into banks subject to compliance with the prudential norms applicable to banks.

The Indian banking sector, which withstood the turmoil of the global financial crisis during Fiscal 2009, started showing some signs of stress during the subsequent period. Performance of Indian banks during the post-crisis period was conditioned to a large extent by fragile recovery of the global financial markets as well as a challenging operational environment on the domestic front with high inflation and muted growth performance. In addition, stressed financial conditions of some State Electricity Boards and airline companies further added to the deterioration in the asset quality of banks. More recently, difficulties in the steel and textile industries have contributed to the deterioration in the asset quality of banks. Gross NPAs as ratios to gross advances for scheduled commercial banks as a whole increased from 2.5% as of March 31, 2011 to 3.1% as of March 31, 2012, mainly on account of the asset quality of public sector banks. The CRAR (Basel II) of scheduled commercial banks remained strong at 14.24% as of March 31, 2012, which exceeds the regulatory minimum and provides a cushion for emerging losses. Return on assets decreased marginally from 1.10% in Fiscal 2011 to 1.08% in Fiscal 2012. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

In addition, according to the RBI's A Profile of Banks 2011-12, Fiscal 2012 witnessed the following trends:

- Business per employee across the bank groups increased during Fiscal 2012 over Fiscal 2011;
- Profit per employee across the bank groups increased during Fiscal 2012 over Fiscal 2011, except for nationalised banks, including IDBI Bank Limited, which remained constant;
- Employees' productivity improvement in terms of both business per employee and profit per employee have increased each fiscal year since Fiscal 2008 across the bank groups;
- Profitability in terms of return on assets of all scheduled commercial banks at an aggregate level declined during Fiscal 2012 compared to Fiscal 2011 but remained higher than Fiscal 2010; and
- Net NPA ratio of all scheduled commercial banks at aggregate level increased during Fiscal 2012 after a decline in Fiscal 2011.

After the global financial crisis, the international community has placed a renewed focus on conducting systemic stability assessments, with specific importance given to assessment of the interdependence of both regulated and unregulated financial sector entities. In July 2009, the RBI instituted the Financial Stability Unit to conduct periodic reviews of the financial system. Stress tests conducted by the RBI with respect to credit, liquidity and interest rate risks in Fiscal 2012 showed that banks remained reasonably resilient. Under extreme

shocks, however, some banks could face moderate liquidity problems and profitability could be affected. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

Interest Rates

The banking sector switched over to a new "base rate" system of lending, replacing the BPLR system, effective July 1, 2010, which is expected to enhance transparency in loan pricing, promote competition in the credit market and also improve the transmission of monetary policy. Base rates include all those elements of the lending rates that are common across all categories of borrowers. Banks may choose any benchmark to arrive at the base rate for a specific tenor that may be disclosed transparently. Banks are free to use any other methodology, provided it is consistent and made available for supervisory review. Banks will determine actual lending rates on loans with reference to the base rate and by including such other customer specific charges as considered appropriate. By March 2011, the base rates of 64 major banks with a share of approximately 98% of the total bank credit were in the range of 8.00-9.50%, indicating convergence in the base rates announced by major banks. Nevertheless, in Fiscal 2013, the RBI observed wide variations in the rate of interest charged to retail borrowers even when the loan was sanctioned on the same day that could not be attributed to customers' risk profiles and may reflect an opaqueness in the system. *(Sources: RBI, Macroeconomic and Monetary Developments First Quarter Review 2010-11; RBI, Monetary Policy Statement 2013-14).*

The RBI has been managing growth-inflation dynamics based on the tenet that low and stable inflation secures sustained high medium-term growth and facilitates consumers' and investors' decision-making. The macroeconomic priorities that have shaped recent monetary policy making include the need to address growth slowdown, restrain inflation pressures and mitigate vulnerabilities in the external sector. After a quick recovery in the post-crisis period, domestic economic growth significantly decelerated in Fiscal 2012 and further during Fiscal 2013 on account of both sluggish global growth and domestic bottlenecks. Recognising falling growth, the RBI lowered the policy interest rate and the SLR by 100 bps each, and the cash reserve ratio ("CRR") by 75 bps in 2012-13 on top of a 125 bps cut in the CRR in the fourth quarter of Fiscal 2012. The RBI also undertook durable liquidity injections through outright purchases of government securities as a part of open market operations totalling about Rs. 1.5 trillion during the year. After front-loading a 50 bps policy rate cut in April 2012, the RBI had to hold rate in the absence of the expected momentum on fiscal consolidation and elevated inflation concerns. However, since September 2012, a renewed commitment to containing the fiscal deficit provided space to the RBI for further policy easing. In response, the policy rates were lowered further by 50 bps in the fourth quarter of Fiscal 2013. Rising CAD risks, however, prompted the RBI to exercise caution while easing.

Movements in key policy variables instituted by the RBI since May 3, 2011 are as follows (in percentages):

Effective Since	Repo Rate (Percent)	Cash Reserve Ratio (Percent of NDTL)	Statutory Liquidity Ratio (Percent of NDTL)
May 3, 2011	7.25 (+0.50)	6.00	24
June 16, 2011	7.50 (+0.25)	6.00	24
July 26, 2011	8.00 (+0.50)	6.00	24
September 16, 2011	8.25 (+0.25)	6.00	24
October 25, 2011	8.50 (+0.25)	6.00	24
January 28, 2012	8.50	5.50 (-0.50)	24
March 10, 2012	8.50	4.75 (-0.75)	24
April 17, 2012	8.00 (-0.50)	4.75	24
August 11, 2012	8.00	4.75	23 (-1.00)
September 22, 2012	8.00	4.50 (-0.25)	23
November 3, 2012	8.00	4.25 (-0.25)	23
January 29, 2013	7.75 (-0.25)	4.25	23
February 9, 2013	7.75	4.00 (-0.25)	23
March 19, 2013	7.50 (-0.25)	4.00	23
May 3, 2013	7.25 (-0.25)	4.00	23

(Sources: RBI, Macroeconomic and Monetary Developments 2012-13; RBI, Monetary Policy Statement 2013-14).

Consumer Credit

The consumer credit market in India has undergone a significant change over the last decade and experienced rapid growth. The growth in the economy has led to an increase in the number of households with higher disposable income and a greater focus by banks and financial institutions to lend to this segment, which has led

to an increase in the share of regulated entities engaging in consumer credit. Legislative changes have enabled greater protection for lenders against fraud and potential default, which also increases the incentive to lend. Growth in assignment and securitization arrangements for consumer loans, and the development of a credit bureau has improved the repayment behaviour of borrowers. Improved terms of credit have also helped fuel growth in this segment.

Lowering Barriers of Entry

Recent legislation is expected to open the Indian banking sector to new participants. On January 10, 2013, the Banking Laws (Amendment) Bill, 2012 (the "2012 Amendment") became law. The 2012 Amendment amends the Banking Regulation Act of 1949 among other laws. Among other provisions affecting the regulatory powers of the RBI and other matters, the 2012 Amendment allows banks to issue preference shares in accordance with guidelines to be issued by the RBI; grants the RBI the power to increase voting rights of shareholders of private sector banks from the current limit of 10% to 26% and, for public sector banks, from 1% to 10%; increases the authorised share capital of nationalised banks from 15 billion to 30 billion to attract investors; increases the brokerage, commission or remuneration that a banking company can pay in respect of any shares issued by it from 2.5% of the paid up value of the shares to 2.5% of the price at which shares are issued; exempts from stamp duty the conversion of a branch operated by a foreign bank into a wholly-owned subsidiary; and grants the RBI substantial power to regulate, monitor and control entities that enter the banking sector.

On February 22, 2013, the RBI issued Guidelines for Licensing of New Banks in the Private Sector (the "2013 Guidelines"). In the previous 20 years, the RBI has licensed 12 new private sector banks. The 2013 Guidelines spell out a comprehensive framework for granting licenses in order to increase the number of banks. The RBI seeks to foster greater competition by increasing in the number of banks and thereby reduce costs, improve quality of service, promote financial inclusion and, ultimately, support inclusive economic growth. Among other matters, the 2013 Guidelines set forth the entities eligible to apply for new banking licenses, establishes "fit and proper" criteria for evaluating applicants, lays out procedures to obtain approval, sets capital adequacy requirements and specifies limits of foreign shareholding. Applications for setting up new banks are required to be made to the RBI on or before July 1, 2013.

Commercial Banking Trends

Credit-Deposit Ratio

The credit-deposit ratio for all scheduled commercial banks was 77.9% as of March 31, 2013 as compared to 78.1% as of March 31, 2012. *(Source: RBI, Monthly Bulletin June 2013).*

The incremental credit deposit ratio declined during the first three quarters of Fiscal 2012, partly reflecting the slowdown in bank credit. There was a sharp rise in the ratio during the fourth quarter of Fiscal 2012 as deposits growth decelerated sharply even as growth in credit remained stable. The incremental credit-deposit ratio was highest for new private sector banks while foreign banks recorded the highest incremental investment-deposit ratio. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

In Fiscal 2013, India experienced a slowdown in aggregate deposits and credit growth. The muted aggregate deposit growth during Fiscal 2013 at 13.5% was mainly because of the deceleration in time-deposit growth. One major reason for the deceleration was the near-zero real interest rate on term deposits mainly due to high inflation. Although there was monetary policy easing over Fiscal 2013, some banks raised deposit rates, from mid-December 2012 in certain maturity buckets in view of the tight liquidity conditions. During the fourth quarter of Fiscal 2013, although deposit growth of scheduled commercial banks continued to decelerate, going forward, the RBI expected lower inflation and the consequent increase in the real interest rate were likely to boost deposit growth. *(Source: RBI, Macroeconomic and Monetary Developments in 2012-13).* The following table shows the year-on-year variation in credit flow from scheduled commercial banks:

(Amounts in Rs. billions)

Credit Flow from Scheduled Commercial Banks					
	Out-standing as of April 5, 2013	Variation (Year-on-Year)			
		As of April 6, 2012		As of April 5, 2013[1]	
	Amount	Amount	Percent	Amount	Percent

Public Sector Banks[(2)]	39,089.9	5,254.8	17.9	4,410.1	12.7
Foreign Banks	2,651.6	367.9	18.8	328.9	14.2
Private Banks	10,361.3	1,561.5	21.6	1,583.2	18.0
Scheduled Commercial Banks[(3)]	53,463.9	7,401.2	18.7	6,529.8	13.9

Notes: (1) Data as of April 5, 2013 is provisional.
(2) Excludes regional rural banks.
*** Includes regional rural banks.

(Source: RBI, Macroeconomic and Monetary Developments in 2012-13).

Balance Sheet Operations of Scheduled Commercial Banks

The consolidated balance sheet of scheduled commercial banks grew at a slower pace during Fiscal 2012 as compared with the previous year. On the liabilities side, the deceleration in growth was broad-based with the major items of liabilities (i.e., capital, deposits and borrowings) registering moderation in growth. On the assets side, the slowdown was mainly attributed to deceleration in growth of loans and advances, reflecting the slowdown in all key segments of domestic macro-economy. Reflecting the deceleration in the balance sheet of public sector banks, their share in total assets of the banking system dipped marginally during Fiscal 2012. Notwithstanding this, the Indian banking sector remained broadly public in nature with public sector banks accounting for more than two-thirds of total assets of all scheduled commercial banks as of March 31, 2012. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

Major Liabilities of Scheduled Commercial Banks

As of March 31, 2012, deposits constituted more than three-fourths of the total liabilities of the banking sector. Deposits grew at a slower rate than the previous year, which mainly emanated from contraction of demand deposits as well as slower growth of savings bank deposits. On the other hand, growth in term deposits accelerated. The share of CASA deposits in total deposits declined during Fiscal 2012 due to the decline in demand deposits as well as slowdown in savings bank deposit mobilisation. As of March 31, 2012, CASA deposits formed almost one-third of total deposits of scheduled commercial banks. Bank group-wise analysis of composition of deposits revealed that foreign banks had the highest proportion of CASA deposits followed by new private sector banks. The RBI attributed this to the fact a number of private sector banks revised their savings bank deposits rates upwards after the deregulation of savings bank interest rate in October 2011.

As of March 31, 2012, borrowings constituted almost 10 per cent of the total liabilities of the banking sector, which was marginally higher than as of March 31, 2011. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

Major Assets of Scheduled Commercial Banks

Total loans and advances witnessed moderation in growth in Fiscal 2012 compared with the previous year. The deceleration in bank credit was broad- based with credit off-take by all major sectors slowing down during Fiscal 2012. Credit to industry and services sector, which together constituted more than two-thirds of total bank credit, recorded slower growth.

In contrast with the overall slowdown observed in the major balance sheet items of banks, growth in investments accelerated during Fiscal 2012 compared with the previous year. As against deceleration in credit growth, banks' investment in government securities increased substantially. This trend partly reflected increase in risk aversion by banks with a growing preference to park funds in safer instruments, against the backdrop of weak macro-economic outlook as well as rising NPAs.

As of March 31, 2012, banks' investments in non-SLR instruments contracted compared with the corresponding period of the previous year, due to decline in investments in shares and mutual funds. The decline in investments in mutual funds could be partly attributed to the policy tightening by the RBI in order to curb banks' exposure to liquid/short term debt schemes of mutual funds. However, banks' investments in commercial papers increased sharply. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

Asset Quality of Scheduled Commercial Banks

During Fiscal 2012, the deteriorating asset quality of the banking sector emerged as a major concern, with gross NPAs of banks registering a sharp increase from Rs. 979 billion as of March 31, 2011 to Rs. 1,423 billion as of March 31, 2012. The spurt in NPAs could be attributed to the slowdown prevailing in the domestic economy as

well as inadequate appraisal and monitoring of credit proposals. The deterioration in asset quality was more pronounced in the case of public sector banks. During Fiscal 2012, the gross NPAs of public sector banks increased at a higher rate as compared with the growth rate of NPAs at a system-level. Gross NPAs as a percent of gross advances increased from 2.5% as of March 31, 2011 to 3.1% as of March 31, 2012.

In addition to an increase in gross NPAs at the system-level, fresh accretion of NPAs, as captured by the slippage ratio also increased Fiscal 2011 to Fiscal 2012. However, on a positive note, the recovery ratio of the banking sector witnessed an improvement during the year. During Fiscal 2012, the written-off ratio was significantly lower as compared with the previous year. At the bank group level, the accretion to NPAs as captured by the slippage ratio was higher in the case of public sector banks and foreign banks. However, their recovery performance was also better than private sector banks.

In recent years, restructuring of advances has been one of the important channels used by banks to contain the deterioration in asset quality. Consequent to the slowdown in domestic economy, banks, especially public sector banks actively resorted to restructuring their advances under the special dispensation scheme of the RBI announced during 2008. The scheme enabled banks to retain the status of standard accounts even after restructuring. The steep increase in gross NPAs during Fiscal 2012 was accompanied by a considerable pick-up in the growth of restructured advances. This was mainly due to the steep increase in restructured advances by public sector banks, particularly nationalised banks. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

Financial Performance

Financial performance of banks came under pressure during Fiscal 2012, mainly due to the increased cost of deposits in the backdrop of an elevated interest rate environment. However, on a positive note, the efficiency of banks improved. RoE and RoA, the two main indicators of profitability, declined marginally during Fiscal 2012, reflecting deceleration in the net profit of banks.

In terms of profitability, despite accelerated growth in total income, the consolidated net profit of the banking sector increased at a slower rate compared with the previous year, mainly due to the steep increase in interest expended. Interest expended on deposits accounted for more than three-fourths of the total interest expenditure of banks. This, along with an increase in the proportion of relatively high-cost term deposits, led to an acceleration in the interest cost of banks. In addition, retail deposits became more costly in the backdrop of a high interest rate environment. During Fiscal 2012, the net interest margin of banks dipped marginally compared with the previous year, mainly reflecting the steep rise in interest expended.

In terms of efficiency, during Fiscal 2012, operating efficiency in terms of cost-to-income ratio improved while net interest margin dipped marginally, which implied a reduction in the cost of financial intermediation.

During Fiscal 2012, both cost as well as return on funds increased for banks. The spreads narrowed, however, from 3.69% in Fiscal 2011 to 3.62% in Fiscal 2012, due to a relatively higher increase in the cost of funds. Cost of funds was lower for foreign banks, partly owing to lower-cost CASA deposits forming a higher percentage of total deposits for foreign banks. *(Source: RBI, Report on Trend and Progress of Banking in India 2011-12).*

Debt Recovery

Legislative Framework for Recovery of Debts Owed to Banks

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993, was enacted to provide for the establishment of debt recovery tribunals ("DRTs") for the expedited resolution of litigation and recovery of debts owed to banks or financial institutions.

In Fiscal 2003, Parliament passed the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, or SARFAESI Act. The SARFAESI Act provides that a secured creditor may give a notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan and exercise management rights in relation thereto. The SARFAESI Act also provides for the establishment of asset reconstruction companies regulated by the RBI to acquire assets from banks and financial institutions. In addition to the SARFAESI Act, several states also have revenue recovery acts and *lok adalats*, or "people's courts. In Fiscal 2012, the RBI

created a central electronic registry to prevent fraud in loan cases involving multiple lending from different banks on the same immovable property.

In January 2013, the SARFAESI Act was amended by the Enforcement of Security Interest and Recovery of Debt Laws (Amendment) Act, 2012. Pursuant to the amendment, means for recovery of assets available to banks and financial institutions have been strengthened. For instance, securitization and reconstruction companies have been permitted to convert part of their debt into shares of a borrower company for the purpose of asset reconstruction. Further, banks and financial institutions have been empowered to accept immovable property in full or partial satisfaction of the bank's claim against the defaulting borrower in times when they cannot find a buyer for the securities. The amendment also enables banks and financial institutions to enter into settlement or compromise with the borrower and empowers DRTs to pass an order acknowledging any such settlement or compromise.

In Fiscal 2012, there was a decrease in the number of cases referred and in the amount of NPAs recovered by *lok adalats* and DRTs and under the SARFAESI Act as compared to Fiscal 2011.

(Amounts in Rs. billions)

NPAs Recovered by SCBs through Various Channels								
	Fiscal 2011				Fiscal 2012			
Recovery Channel	**No. of cases referred** (1)	**Amount involved**	**Amount re-covered**	**Amount re-covered as % of amount involved**	**No. of cases referred** (1)	**Amount involved**	**Amount re-covered**	**Amount re-covered as % of amount involved**
Lok Adalats	6,160,190	53	2	3.7	4,760,730	17	2	11.8
DRTs	128,720	151	39	27.5	133,650	241	41	17.0
SARFAESI Act	1,186,420	306	116	37.9	1,409,910	353	101	28.6

(1) Number of notices issued.
(Source: RBI Report on Trend and Progress of Banking in India 2011-12).

Corporate Debt Restructuring

The RBI has devised a corporate debt restructuring system to establish an institutional mechanism for the restructuring of corporate debt. The objective of this system is to ensure a timely and transparent mechanism for restructuring the corporate debts of potentially viable entities outside the purview of the Board of Industrial and Financial Rehabilitation, debt recovery tribunals and other legal proceedings. In particular, this system aims to preserve viable corporations that are affected by certain internal and external factors and minimise any losses to the creditors and other stakeholders through an orderly and coordinated restructuring program. The corporate debt restructuring system is a non-statutory and voluntary system based on debtor-creditor and inter-creditor agreements.

Credit Delivery and Financial Inclusion

Priority Sector Lending

Ensuring adequate flow of credit to agricultural, micro, small and medium enterprises and the export sector has been a policy thrust for achieving the objective of sustainable and inclusive economic growth. Accordingly, strengthening credit delivery mechanisms for these "priority sectors" is a significant concern of the RBI. Commercial banks are tasked with a large role for developing and deepening financial services in rural areas and urban markets.

Broadly, and subject to certain limitations, the priority sector encompasses agriculture, small scale industries, small road and transport operators, small businesses, retail trade, professional and self-employed persons, state sponsored organizations for scheduled castes/scheduled tribes, education loans, housing, consumption loans under the consumption credit scheme for weaker sections, micro-credit, loans to the software industry, loans to specific industry in the food and agro-processing sector.

The directed lending norms of the RBI require that every domestic commercial bank should extend an aggregate of 40% of its adjusted net bank credit ("ANBC") or credit equivalent amount of off-balance sheet exposure

("credit equivalent amount"), whichever is higher, to priority sectors. Within the aggregate 40% target, the RBI requires domestic commercial banks to extend at least 18% and 22% of ANBC or credit equivalent amount, whichever is higher, to the agriculture sector and to other priority sector lending, respectively. Within the 18% target in the agriculture sector, up to 4.5% may be loans for activities related to agriculture with at least 13.5% in loans made directly to farmers and agricultural groups. Within the 40% target, the RBI also requires domestic commercial banks to advance 10% of ANBC or credit equivalent amount, whichever is higher, to weaker sectors. In order to meet the policy goals of priority sector lending, domestic commercial banks that fail to meet the priority sector lending targets must contribute to the Rural Infrastructure Development Fund established with the NABARD or with other financial institutions.

Microfinance

India's poor have historically been excluded from the formal banking sector and have relied instead on moneylenders or on friends and relatives. Microfinance presents an alternative to formal and informal sources for providing basic financial services to the poor. Microcredit involves the provision of thrift, credit and other financial services and products of very small amounts to the poor in order to enable the poor to raise their income levels and living standards. Financial institutions have played a leading role in microfinance for nearly two decades by utilizing informal delivery channels. Currently, self-help groups and microfinance institutions are the dominant microfinance models. Under the SHG model, banks lend directly to groups of 10-20 persons formed to receive financing. Under the MFI model, MFIs borrow funds from banks to on-lend to microfinance clients.

Housing Finance

The Indian real estate sector plays a significant role in the country's economy. Its growth has been driven by several factors, including the trends toward overall population growth, increasing urbanization and increasing disposable income.

As India's population has grown, so has the trend toward urbanization in India. According to the Jawaharlal Nehru National Urban Renewal Mission ("JNNURM"), approximately 28% of India's population in 2001 were living in urban areas. As a result of the Government's liberalization policies, the proportion of India's population living in urban areas is expected to increase to about 40% by 2021. Thus, India's towns and cities have expanded and continue to expand rapidly as increasing numbers migrate to towns and cities in search of economic opportunity.

Urbanization in India is an integral part of the growth process. India's urban areas make a major contribution to the country's economy. According to the World Bank, although less than 1/3 of India's population lives in cities and towns, these areas generate over 2/3 of the country's GDP and account for 90% of government revenues. According to a study of residential housing demand in India prepared by the National Institute of Bank Management and the National Housing Bank, people living in urban areas have greater demand for bigger houses as compared to their suburban counterparts. With increased wealth, consumer tastes and preferences in housing should also shift toward higher-end housing. As India's urban population grows and shifts away from suburban and rural areas and as the population's per capita income increases, the demand for housing, both in terms of units and size of units, and, therefore, the demand for housing finance services, is expected to grow.

"Affordable Housing for All" is an important policy agenda of the Government of India. The Government has sought to create an enabling and a supportive environment for expanding credit flow to the housing sector and increasing home ownership in the country. Various national policy pronouncements have reinforced the primacy of the housing sector and the need to provide shelter opportunities to all. A major initiative has been launched for provision of housing for the Economically Weaker Sections and Low Income Groups through the JNNURM.

According to September 2012 report sponsored by the Ministry of Housing & Urban Poverty Alleviation, the housing shortage in India in 2012 was estimated to be approximately 18.78 million units. The shortage is overwhelmingly in the Economically Weaker Sections and Low Income Groups segments.

Risk Management and Basel-III

With gradual deregulation, banks are now exposed to different types of risk. In view of the dynamic nature of the financial market, banks face various market risks such as interest rate risks, liquidity risks, and exchange

risks. In respect of lending, banks face credit risks, which include default risks and portfolio risks. Banks also face operational risks.

On April 27, 2007, the RBI issued final guidelines on capital adequacy based on the Basel Committee on Banking Supervision ("BCBS") framework known as "Basel II". Foreign banks operating in India and Indian banks with an operational presence outside India migrated to the Basel II framework effective March 31, 2008, while other commercial banks migrated to the Basel II framework effective March 31, 2009.

In December 2010, the BCBS issued the so-called "Basel III" capital regulations in response to the lessons learned from the recent global financial crisis. Basel III essentially enhances at the level of individual banks the regulatory framework introduced by the earlier Basel II regulations. Accordingly, the RBI issued final guidelines on capital regulations on May 2, 2012. The RBI's guidelines became operational from January 1, 2013. The minimum capital requirement, however, including capital conservation buffers ("CCB"), will be introduced in a phased manner with full implementation by March 31, 2018.

Under the RBI's guidelines, total capital of a bank in India must be at least 9% of risk weighted assets ("RWAs"). Tier 1 capital must be at least 7 % of RWAs. Common Equity Tier 1 capital must be at least 5.5% of RWAs. Due to the transitional arrangements the capital requirements of banks may be lower during the initial periods and higher during later years. Therefore, banks have been advised to do their capital planning accordingly. The RBI believes that implementation of the guidelines on capital requirements is challenging but manageable.

In addition to the minimum requirements as indicated above, a CCB in the form of common equity of 2.5% of RWAs is required to be maintained by banks. Total capital with CCB will be 11.5% of RWAs.

Under Basel III, a simple, transparent, non-risk based leverage ratio has been introduced. The BCBS will test a minimum Tier 1 leverage ratio of 3% during a trial period from January 1, 2013 to January 1, 2017. The RBI has prescribed that during this parallel run period, banks in India should strive to maintain their existing level of leverage ratio but in no case should the leverage ratio fall below 4.5%. Banks having leverage below 4.5% should strive to achieve the target as early as possible. The leverage ratio requirement will be finalised by the RBI taking into account the final proposal of the BCBS. *(Source: RBI, Annual Report 2011-12)*.

OUR BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with the more detailed information and our financial statements and summary consolidated and unconsolidated financial information that appear in the Financial Statements and Summary Financial Information chapters, respectively, in this Placement Document. Unless otherwise specified, all financial information in this section is stated on an unconsolidated basis. In addition, you should carefully consider the risks discussed under "Risk Factors" for an understanding of the risks associated with a purchase of our Equity Shares.

Overview

We are one of the oldest private sector banks in India with an 83-year long operating history offering a wide variety of wholesale and retail banking products and services to our customers.

We had 542 bank branches and extension counters (excluding nine RCCs and five ARMBs), 27 satellite offices and 500 ATMs across 376 locations, as on May 31, 2013. In addition, we provide delivery channels for our customers such as telephone banking, Internet banking and mobile banking.

We were ranked as one of the top five most trusted brands among private sector banks in India by the Economic Times Brand Equity – Nielsen survey in 2011. We were ranked as the third best small bank (defined as banks with balance sheet sizes less than Rs. 500,000 million) in the Fastest Growing Bank category and the fourth best bank overall by Businessworld Best Bank Awards 2012. We also won the CIO 100 Award for 2009-2012, The Asian Banker's prestigious award for Best Corporate Internet Banking Initiative 2012, MasterCard innovation awards for our e-commerce business and activation and usage programs to increase spending in 2012 and several DQ CIOL Special Mentions.

The table below sets forth certain key operational and financial information and data about the Bank for Fiscal 2011, 2012 and 2013:

(Rs. in millions, except percentages and branch numbers)

	As of and for the year ended March 31, 2013	As of and for the year ended March 31, 2012	As of and for the year ended March 31, 2011
Number of branches / extension counters	542	527	510
Total advances	317,720	287,367	236,021
Total customer assets	343,704	293,045	241,422
Total assets	548,364	470,005	390,140
Total deposits	413,340	351,954	301,942
CASA Ratio	32.50%	34.23%	34.64%
Net Interest Margin	3.52%	3.30%	3.25%
Cost to Income Ratio	56.18%	59.11%	61.75%
Net profit	6,130	4,563	3,186
CAR	13.24%	14.00%	12.94%
Gross NPA	1.76%	1.92%	2.30%
Net NPA	0.03%	0.18%	0.39%
Return on Asset	1.26%	1.09%	0.89%
Provision coverage	98.40%	90.67%	83.41%

Our Bank was originally incorporated as "The Vysya Bank Limited" on March 29, 1930 with limited liability under the Mysore Companies Regulation, 1917. We received our certificate of commencement of business on July 24, 1930. We were granted a license to carry on the banking business in India under the Banking Regulation Act, 1949, by the RBI on June 6, 1958. We are a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

We are part of ING Group, a global financial conglomerate of Dutch origin. ING Group also has its presence in India through ING Investment Management (India) Private Limited. After acquiring Bank Brussels Lambart in 1998, which had made strategic investments in our Bank between 1996 and 2002, the ING Group increased its stake further in our Bank, including through subscription to a rights issue in May 2005 and preferential allotments in November 2007, September 2009 and June 2011.

ING Vysya Financial Services Limited is our wholly owned subsidiary engaged in the business of non-fund/fee based activities of marketing and distribution of various financial products/services of the Bank.

While serving the SME segment and the trading community has been our traditional strength, we have expanded our offerings to include a comprehensive range of banking services that cater to large corporations as well as retail and HNI clients.

Our principal business activities are organized into two segments: wholesale banking and retail banking.

Wholesale Banking

Our wholesale banking business provides our corporate clients in India a range of commercial, transactional and electronic banking products. Our wholesale banking business comprises five business sub-segments that offer a set of products. The business sub-segments are (i) large corporates group; (ii) emerging corporates group; (iii) banking and financial institutions group; (iv) international clients group; and (v) financial markets group.

We offer client-focused products and services, including (i) liability products, including current accounts, term deposits and mutual funds distributed by the Bank; (ii) loan products, including general lending, working capital and term loan, securitisation and structured finance; (iii) financial market products, including foreign exchange and hedging and structured products; (iv) trade products, including letter of credit, stand-by letter of credit and guarantee, export and import financing and remittances; (v) cash management products, including account services, receivable and payable, liquidity management and Web-based electronic platform; (vi) debt capital market products, including syndicated loans, bonds and negotiable certificate of deposit, securitisation, and structured products; and (vii) corporate finance products, including mergers and acquisitions, divestments, strategic alliances and advisory services.

Companies generally having annual sales turnover above Rs. 15,000 million are serviced by our large corporates group. Our emerging corporates group serves clients generally having an annual sales turnover ranging from Rs. 1,500 million to Rs. 15,000 million at the time they become clients. Our banking and financial institutions group caters to banking needs of banks, financial institutions and financial intermediaries, including NBFCs, insurance companies and mutual funds. Our international clients group focuses on serving MNCs with operations in India. This group benefits significantly from ING's global network that helps us gain access to ING's core clients with India business and provide seamless delivery of services across geographies. Our financial markets group is supported by the ING Group's network and capabilities, and provides a wide range of financial products to large corporates and SMEs as well as caters to individual customers' needs. We offer competitive pricing and efficient services across markets and a comprehensive list of financial products.

Retail Banking

Our retail banking business provides an entire suite of products that are aimed at meeting the needs of individuals and small corporates in India.

Our retail banking business is categorised into two segments, *i.e.*, retail liabilities and retail assets. The branch banking group and the private client group are our two retail liabilities sub-segments. The consumer loans group, business banking group and the agricultural and retail banking group are our three retail assets sub-segments.

Our branch banking group provides multiple products, including savings, current and fixed deposits accounts, through our pan-Indian network of 542 branches and extension counters (excluding nine RCCs and five ARMBs) and 500 ATMs as of May 31, 2013. Our branch banking group also provides wealth management products and services, insurance products, bill payment solutions, gold sales, foreign exchange services, multi-currency prepaid cards, lockers, internet banking, mobile banking and phone banking services to our customers. Our private client group provides wealth management solutions to HNIs and entities, including individuals, families, small businesses, trusts and institutions.

Our consumer loans group provides loans secured against home, gold and vehicle and personal loans products, and offers cross-selling opportunities to our existing customers. Our business banking group focuses on micro, small and medium-sized enterprises with turnover of generally up to Rs. 1,500 million. We believe that our understanding of market segments, extensive market experience and ability to maintain and manage our loan portfolios enable our growth in business banking and lead to a low gross and net NPA levels. Our ARB group provides products specifically targeting agricultural customers in the rural areas, including Kisan credit cards

and revolving credit products, produce loans and agriculture term loans, and tailored credit products for poultry, dairy, agriculture, cold storage and logistics businesses.

Strengths

We believe that the key strengths that distinguish our Bank in a competitive Indian financial sector include:

Improved operational efficiency and customer satisfaction leading to growth and profitability

We have implemented various initiatives with the objective of improving our operational efficiency particularly in the areas of branch and employee productivity. In Fiscal 2013, our cost/income ratio decreased to 56.18% from 64.52% in Fiscal 2009. The table below sets forth certain information on our yield on advances, cost of deposits and cost/income ratio from Fiscal 2009 to Fiscal 2013:

Fiscal Year	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Yield on Advances	11.88%	11.53%	10.05%	10.54%	11.48%
Cost of Deposits	7.25%	6.99%	5.25%	5.33%	6.83%
Net Interest Margin	3.52%	3.30%	3.25%	3.22%	2.84%
Cost/Income Ratio	56.18%	59.11%	61.75%	55.73%	64.52%
Return on Average Assets	1.26%	1.09%	0.89%	0.80%	0.70%

Note: Data for Fiscal 2009 and Fiscal 2010 are extracted from the information set forth in "summary unconsolidated reclassified financial information and key ratios" in this Placement Document

Our business per employee and average CASA per branch also increased from March 31, 2009 to March 31, 2013:

(Rs. in millions)

Fiscal Year	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010	As of March 31, 2009
Business per employee*	67	56	50	47	46
Average CASA per branch**	179	176	162	135	114

** Indicates aggregate of customer assets and deposits less interbank deposits by the Bank*
Note: Business and CASA data for Fiscal 2009, 2010, 2011 and 2012 have been regrouped/reclassified for the purposes of presentation and convenient comparison as per the classifications applicable to the audited balance sheet of the Bank as at March 31, 2013

We believe that the improved efficiencies described above have contributed to our overall growth and profitability since Fiscal 2009 as described in the table below:

(Rs. in millions)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Customer assets	343,704	293,045	241,422	189,488	169,849
Deposits	413,340	351,954	301,942	258,653	248,895
Net Total Income*	22,655	18,781	16,615	14,501	11,973
Profit after tax	6,130	4,563	3,186	2,422	1,888

**Net total income is net interest income and other income. For Fiscal 2010, net total income also includes exceptional items, being prior period income*
Note: Data for Fiscal 2009 and Fiscal 2010 have been regrouped/reclassified for the purposes of presentation and convenient comparison as per the classification applicable to the audited financial statements of the Bank for the Fiscal year 2012-13

Our improved operational efficiency, effected through implementing technological innovations, multiple delivery channels and adopting efficient processes for our personnel, has enabled us to increase our business volume and improve our customer satisfaction.

We have leveraged technology through customer-centric solutions, including core banking, internet banking and mobile banking. The IT strategy of our Bank has supported business initiatives by continuously updating and upgrading our technology and process platforms. All our branches across the country are networked and connected to our core banking system. Through our 'Customer First' initiative, we have used technology to open new accounts through pre-generated kits and to improve channel access processes. We have also implemented 'straight through processing' of all customer requests like cheque book replenishments, account transfers and account closures across technology application systems and operations processes through automation and process re-engineering. We have a disaster recovery system in Hyderabad which maintains back-up data for critical applications. The focus of our technological initiatives has included supporting business through implementation of a service-oriented architecture which we believe has resulted in a shorter time to market. We have also received external recognition for our efforts, including the CIO 100 Award since 2009, The Asian Banker's prestigious award for Best Corporate Internet Banking Initiative 2012, MasterCard innovation awards for best e-commerce business and best activation and usage program to increase spending in

2012, and several DQ CIOL Special Mentions. We have rolled out ITIL/ISO 20000-based processes and these have been regularly audited by our internal audit team.

Improving asset quality while maintaining a balanced portfolio

We have focused on and achieved improvement in our Bank's asset quality in recent years. During Fiscal 2013, our gross advances and deposits increased by 10.58% to Rs. 323,403 million and by 17.44% to Rs. 413,340 million, respectively. During the same period, our net NPA ratio and gross NPA ratio decreased from 0.18% and 1.92%, respectively, in Fiscal 2012 to 0.03% and 1.76%, respectively, in Fiscal 2013. As of March 31, 2013, our gross NPAs stood at Rs. 5,702 million. Further, during Fiscal 2013 our provision cover increased to 98.40% and our net profit increased by 34.33% to Rs. 6,130 million.

The following table provides certain unaudited performance indicators for the period from Fiscal 2009 to Fiscal 2013:

(Rs. in millions, except percentages)

	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010	As of March 31, 2009
Gross NPA**	5,702	5,629	5,532	5,572	3,132
Gross NPA Ratio**	1.76%	1.92%	2.30%	2.96%	1.86%
Net NPA Ratio	0.03%	0.18%	0.39%	1.20%	1.20%*
Coverage Ratio	98.40%	90.67%	83.41%	60.19%	36.01%

**Net NPA Ratio has been calculated as per the definition of Net NPA in this Placement Document and is different from how Net NPAs were computed in the Bank's unconsolidated financial statements as at and for the year ended March 31, 2009.*
***Gross NPA and Gross NPA Ratio has been calculated before technical write-off.*

We successfully lowered our net NPA ratio through a robust risk management and asset quality control policy that was monitored at the highest levels of our management and was based on a thorough review of key risk areas of credit risk, market risk and operational risk. Our risk management brings together best practices across three core areas – risk methodology, risk policy and risk processes and procedures. For more information, please see the "Risk Management" subsection herein.

The composition of our advances and customer assets as on March 31, 2013 is as below:

Business segment	Percentage Composition of Total Advances as of March 31, 2013	Percentage change from Fiscal 2012
Wholesale banking	35.15%	(8.59)%
Business banking	36.08%	26.05%
Agriculture and Rural banking	8.83%	73.36%
Mortgages	16.07%	10.39%
Others	3.88%	4.33%
TOTAL	100.0%	10.58%

Business segment	Percentage Composition of Total Customer Assets as of March 31, 2013	Percentage change from Fiscal 2012
Wholesale banking	38.98%	7.24%
Business banking	33.95%	26.05%
Agriculture and Rural banking	8.31%	73.36%
Mortgages	15.12%	10.39%
Others	3.65%	4.33%
TOTAL	100.0%	17.29%

Extensive distribution infrastructure

We offer our services and products through an extensive multi-channel distribution network comprised of 542 bank branches and extension counters (excluding nine RCCs and five ARMBs), 27 satellite offices and 500 ATMs across 376 locations as on May 31, 2013.

Our branch network was largely concentrated in Andhra Pradesh, Karnataka, Tamil Nadu and Kerala (the "**Southern States**"). On March 31, 2009, 118 out of our 478 branches (excluding nine RCCs and five ARMBs) (or 24.69%) were located outside the Southern States. As of May 31, 2013, we had 179 branches out of our total number of 542 branches and extension counters (excluding nine RCCs and five ARMBs) (or 33.03%), located in

regions outside the Southern States, which indicates our growth and increased pan-India presence. Our business (advances and deposits) conducted in states and regions outside the Southern States increased from 46.14% out of our total business (advances and deposits) as of March 31, 2009 to 61.86% as of March 31, 2013.

In addition to increasing the number of our branches, including expanding our branch network in northern and western India, we have also enhanced the number of delivery channels through which our customers access our products, including mobile banking, internet banking and phone banking.

We believe our extensive presence and variety of distribution channels increases our ability to acquire and retain customers and enables us to provide better service to our existing customers.

Association with ING Groep N.V.

Our Promoters, ING Mauritius Holdings and ING Mauritius Investments I, are wholly-owned subsidiaries of ING Bank N.V. ING Bank N.V., in turn, is a wholly owned subsidiary of ING Groep N.V., rated by Fortune magazine as one of the world's largest financial services groups (the "**ING Group**"). The total assets of the ING Group stood at 1.2 trillion Euros and its assets under management at 322 billion Euros as of December 31, 2012 with revenues of 43 billion Euros for the financial year ended December 31, 2012. Further, as on December 31, 2012, the ING Group has a presence in over 40 countries and has over 84,000 employees.

Our association with the ING Group helps us gain a better understanding of global financial markets and has also enabled us to obtain referrals from offshore customers, including large multi national corporation ("**MNC**") clients of the ING Group network, thereby expanding our customer base. We also introduce our Bank's customers to the services offered by the ING Group. We offer certain products and services from entities owned by the ING Group network including insurance products from investment services from ING Investment Management (India) Private Limited.

We have also sought to gain an understanding of, and adopt, international best practices and know-how from the knowledge base of the ING Group network. Our Bank entered into a service level agreement with ING Bank NV in 2007, which has since been superseded by service level agreements entered into in 2009 and 2012 (the "SLA"), in order to enable our Bank to benefit from the intellectual property, expertise and knowledge of ING Bank NV, and to develop compatible financial reporting systems. The SLA is automatically renewed for successive one-year periods unless terminated based on certain grounds specified in the SLA. The SLA recognises our Bank's absolute right to accept or not to accept any advisory service rendered by the ING Bank NV. Under the terms of the SLA, our Bank may obtain advice from our counterparts in ING Bank NV, for all exposures, excluding settlement and intra-day limits, that are over 25 million Euros equivalent for a single borrower and over 50 million Euros equivalent for one-obligor group. Our Bank also may seek necessary advice from ING Bank NV regarding restructuring exposures that are over 7.5 million Euros. The corporate audit services bank management team of the ING Bank NV will advise on appointment, replacement, appraisal of the chief audit executive and other key audit staffs of our Bank.

We believe that our association with the ING Group, as well as our ability to leverage the ING brand and the capabilities and client network of the ING Group enhance our ability to compete.

Professional management and personnel

We have a professionally-managed Board that oversees and guides our strategy and operations. The members of our Board and our management team have the necessary experience in banking, come from a diverse set of backgrounds and have domain expertise in various sectors we serve and in various areas of our business operations, including marketing, technology and systems, risk management and credit recovery. The expertise of our Board and management team contributes to our in-depth understanding of the sector-specific aspects of our business and each part of our operations. The diversity of such experience helps us adopt a creative and cross-functional approach. We believe that we provide a strong culture of partnership, ownership, commitment and entrepreneurial spirit.

We have been able to build and retain a team of talented professionals with relevant experience in credit evaluation, risk management, retail products, wholesale banking, treasury, technology and other critical areas. We believe our continued initiative of recruiting qualified and experienced personnel, both in management and operative functions, will enable us to deliver on the challenges presented by our growth and expansion. In the

recent years, we have recruited many lateral hires from foreign banks and domestic private sector banks to improve the management depth.

We have also implemented a structured talent identification process and succession plan for the identification of successors for each line of business and support functions.

Diversified fee income

We have diversified our fee income across products such as insurance, investments, asset processing fees and advisory fees. We also offer cash management and trade services through our Global Transaction Services ("**GTS**") group where the Bank partners with clients by utilizing its experience and expertise in delivering cost-effective and customized solutions. Foreign exchange income generated through merchant sales has also been an important source of revenue for the Bank. Wholesale banking and retail banking have both contributed to the growth in fee income. The diversification has also resulted in stability and consistency in total income growth.

For Fiscal 2013, 2012, and 2011, our non- interest income was Rs. 7,269 million, Rs. 6,698 million and Rs. 6,550 million, respectively, representing 32.08%, 35.66%, and 39.42% of our total income, respectively.

Strategies

Our objective is to enhance our position as a premier provider of banking and other financial services in India. We intend to grow faster than the market while maintaining sound asset quality. Some of our key business strategies are as follows:

Grow and leverage our distribution network

We intend to continue to drive productivity and efficiency through our expanding branch network with a focus on client acquisition, cross selling and driving profitable new product and customer segments. We have obtained licenses from the RBI to open 24 more branches during Fiscal 2013. During Fiscal 2012 and Fiscal 2013, we opened 27 new branches in Northern, Eastern and Western India with the objective of expanding our pan-India presence. As of May 31, 2013, 179 branches out of our 542 branches and extension counters (excluding nine RCCs and five ARMBs) were located in regions other than the Southern States. Our business (advances and deposits) conducted outside the Southern States stood at 61.86% as of March 31, 2013. We intend to continue our branch expansion in northern and western India to improve our presence in these geographies and to consolidate or network in South India. We believe that growing our distribution network will enable us to grow our transaction banking platform and help tap into existing clients for cross sell/up sell opportunities.

Continue to focus on sustainable growth

We intend to continue to grow our retail and wholesale businesses by focusing on key asset growth engines. In our retail business, we intend to grow in business banking, mortgages, and agriculture loans and selectively focus on personal loans and gold loans. Within our wholesale business, we intend to deepen relationships with large Indian corporates, grow market share among emerging corporates and leverage our global ING Group relationship to grow our International Client Group segment. We intend to increase our share of customer wallet through higher penetration of fee products, such as debt capital markets products, payment and cash management, financial markets and corporate finance.

We will continue to focus on priority sector assets and meeting our priority sector requirements through increased direct lending. The recent change in RBI regulations encourages banks to lend directly to priority areas, as other forms of lending, including pool buyouts, are becoming increasingly challenging due to low yields and tax regulations. We have identified products that qualify for priority sector lending, and have added branches and headcount in select locations where the potential for direct lending is higher.

Increase share of low cost liabilities and better margin products

One of our key focus areas is to increase our low-cost current and savings deposits. To achieve this, we have maintained a strategic focus on current accounts for our wholesale and business banking customers, salary accounts for our corporate/salaried customers and savings accounts for mass affluent and institutional customers.

In our retail business, we intend to increase our share of higher-margin asset products, such as loans against property, personal loans and gold loans. In our wholesale business, we intend to increase the share of the Emerging Corporate Group segment. We also intend to increase fee-based income by growing wealth management fees, asset processing fees, trade fees, cash management charges, foreign exchange services and other fee earning products.

Continue to leverage on our relationship with the ING Group and promote the ING brand for our wholesale banking business

The ING Group has been rated by Fortune magazine as one of the world's largest financial services groups. It enjoys an extensive global customer base including large, high quality multi-national customers. We believe that these customers will conduct an increasing portion of their business in India over time and will consequently require support and services to satisfy their banking and advisory needs.

We have engaged closely with the ING Group to identify key multinational customers whom we may service in India and have used suitable referral and introductions to establish relationships with and begin servicing them. We aim to continue this strategy to increase our engagement with large multinational customers of the ING Group and enhance our wholesale and business banking operations.

In addition to the above, we currently leverage the ING brand to enhance our market profile and visibility in new markets where our Bank is relatively less well known and continue our investment in branding as we increase our footprint outside southern India. We intend to position ourselves as a "Bank of Choice" in select customer segments.

We intend to continue to leverage on the ING Group's brand and global presence to enhance our brand recognition. Further, as a result of our association with the ING Group, we have upgraded our systems and processes to international standards, by building on systems and processes developed by ING Bank N.V. We have used these systems to improve our risk management processes covering market risk, credit risk and operational risk. We intend to continue leveraging on the synergies from the ING Group and the value of ING brand.

Enhance operating efficiency

We intend to improve the profitability both from our legacy network and our growing footprint by increasing branch productivity closer to best in class. We will continue to make investments and effect improvements in our technology platform to help us enhance our product delivery capabilities and achieve cost efficiencies.

Our Operations

Our principal business activities are organized into two segments: wholesale banking and retail banking.

Wholesale Banking

Our wholesale banking business provides a wide range of product offerings to all our wholesale banking customer segments. Our wholesale banking business comprises the following five business sub-segments:

i) large corporates group;
ii) emerging corporates group;
iii) banking and financial institutions group;
iv) international clients group; and
v) financial markets group

Business Segments

1. Large Corporates Group

Our large corporates ("**LC**") group is responsible for managing relationships with large corporates (generally with sales turnover greater than Rs. 15,000 million) in both the private and public sectors. The primary focus of this group is marketing our products and services including lending products, fee-based products, treasury services, payments and cash management solutions, debt syndication, structured finance, investment banking

advisory services and cross border products from the ING Group to our client base and cross selling our retail banking products and services as well as third party products to our corporate clients and their promoters, directors and employees.

2. Emerging Corporates Group

The emerging corporates ("**EC**") group focuses on business opportunities with manufacturing, processing and services sector companies having annual sales turnover generally ranging from Rs. 1,500 million to Rs. 15,000 million. The focus is on origination of transactions culminating in product and service delivery to meet all needs of this business community. This group delivers products with a special focus on export credit, regular working capital finance, term loans, non-fund based facilities like letters of credit and guarantees, treasury products, payments and cash management solutions, debt syndication, structured finance and investment banking advisory services, including newly launched products such as debt capital market and corporate finance to meet specific requirements of this clients group. In partnership with our retail and private banking groups, the emerging corporates group also provides wealth management solutions, loans, salary accounts and allied services to the promoters, directors and employees of such emerging companies. The emerging corporates group also caters to the cross border needs of its clients in supporting their business requirements outside India through funding and advisory services.

3. Banking and Financial Institutions Group

The banking and financial institutions ("**BFI**") group is a group created to develop business opportunities with banks (public, private and foreign sector), financial institutions and intermediaries such as asset managers, insurance companies, broking firms and government institutions across India.

This group has the primary responsibility for origination of transactions as well as for product and service delivery to the BFI client base. These products typically include general lending, trade finance, treasury, debt capital markets and payments, cash management and asset purchase and sale.

4. International Clients Group

In order to provide greater focus to serving our MNC clients with operations in India, wholesale banking has created the international clients ("**IC**") group in Fiscal 2012. The IC group has enabled our Bank to provide seamless services to our global clients with their operations and business in India. The IC group benefits significantly from ING Group's global network that helps the group gain access to the ING Group's core clients in the world. The whole range of our Bank's products is available to international clients, and IC group focuses on a stable source of liabilities.

5. Financial Markets Group

Our financial markets unit provides a wide range of products to large corporates, small and medium enterprises as well as to individuals, supported by state of the art systems and the capabilities of the ING Group. We offer competitive pricing and efficient services across markets and a comprehensive suite of products.

Our financial markets segment broadly consists of four sub-units:

1) Trading: This unit provides liquidity and prices to our sales team and to other market participants. Our market making team runs books and provides prices on:

   a) Indian interest rates – government securities, overnight indexed swaps and Mumbai interbank forward offer rate;

   b) Currencies – USD/INR and major currency pairs; and

   c) Swap book – USD/INR forwards and cross currency forwards.

   Our trading unit also looks to profitably exploit market opportunities within the defined risk framework. Supported by an economist, this unit closely tracks both Indian and global financial markets and contributes to information dissemination and analysis of markets.

2) Sales Team: Our sales team caters to corporate and BFI clients help them manage their risks. This team helps corporate clients manage their cash flows as well as currency and interest rate risks within their risk management practices.

Our BFI sales team, in association with the structuring desk, makes market for our peer BFI by helping them cover risks in their proprietary books and offloading risks emanating from their client trades.

Our sales team is guided by robust client appropriateness and documentation policies. The team is geographically spread over the north, south and west regions, covering clients across segments. Our geographical reach helps us remain close to our client base and help them manage their financial market exposures.

3) Structuring Desk: Our centralized structuring desk assists our sales team in product structuring, pricing and execution. The structuring unit has product capability in foreign exchange and interest rate risk products and is assisted by modern systems and processes to measure and warehouse risks. This unit has developed access to market participants in India as well as developed economies, enabling it to offer solutions as well as efficient execution of transactions.

4) Asset and Liability Management ("**ALM**") Desk: Our ALM desk plays a key role in managing liquidity and interest rate risks within the framework set out by the Asset Liability Management Committee ("**ALCO**") and in consonance with our strategic objectives. The ALM desk directly manages liquidity, statutory reserve requirements and also our investment portfolio. This unit relies on strong analytical support, close monitoring of markets and active engagement with internal businesses to arrive at both day to day as well as medium term decisions.

Product Offerings

Our product offerings to the wholesale banking customer base include (a) general lending; (b) structured finance; (c) investment banking; (d) debt capital markets; (e) global transaction services; (f) financial markets; and (g) corporate deposits. Our products and services for corporate customers include fund and non-fund based products, other fee based and advisory services.

General Lending

1) Cash credit/overdraft facilities: Under the cash credit facility, a line of credit is provided to the borrower, up to a pre-established amount based on the borrower's projected level of inventories, receivables and cash deficits. Up to this pre-established amount, disbursements are made based on the actual level of inventories and receivables. These are typically given to companies in the manufacturing, trading and service sectors on a floating interest rate basis. Interest is earned on this facility on a monthly basis, based on the daily outstanding amounts. This facility is generally given for a period of up to 12 months, with a review after that period. Our cash credit facility is generally fully secured with the option of full recourse against the borrower. In most cases, we have a first charge on the borrower's current assets, which are normally inventory and receivables. Additionally, in some cases, we may take further security of a first or second lien on fixed assets including real estate, a pledge of financial assets like marketable securities, corporate guarantees and personal guarantees.

2) Bill discounting: Bill discounting involves the financing of short-term trade receivables through negotiable instruments. These negotiable instruments can then be discounted with other banks if required, thus enhancing liquidity.

3) Guarantees: We issue guarantees on behalf of our borrowers in favour of corporations and government authorities. The term of these guarantees is generally up to 36 months though in specific cases, the term could be longer. This facility is generally secured by collateral. In addition, as a part of our project financing activity, we issue guarantees to foreign lenders, export credit agencies and domestic lenders on behalf of our clients.

4) Term finance: We provide term financing facility to select corporates for their long-term funding needs in relation to capital expenditure. We primarily focus on existing relationships for this product offering in order to support clients in building incremental capabilities or for their other expansion plans.

Structured Finance

We provide structured financing solutions to certain of our wholesale banking customers with a view to providing them with efficient funding solutions. We focus on specific industries such as telecom, utilities, infrastructure, shipping etc. We provide both onshore and offshore structured finance solutions to our customers to meet their various funding and balance sheet management requirements.

Investment Banking

Our investment banking services include financial advisory services for mergers and acquisitions, capital structuring/restructuring, private capital raising and structured finance. We work closely with our onshore customers with global ambitions to identify suitable business opportunities with a view to enhance their global presence. We also work closely with the ING Group network to identify potential investment opportunities for our global network clients and to identify potential acquisition targets in India. The investment banking services are provided to both onshore and network customers. We also hold a Category I Merchant Banking registration with SEBI.

Debt Capital Markets

Our debt capital markets ("**DCM**") business is broadly divided into two product lines, loan syndication and bond placement. We have leveraged our extensive network and increased our product portfolio by offering two DCM products to our clients. The primary objective of providing DCM products to our clients is to address their specific financing needs and increase our share in the clients' banking business. Large corporates traditionally require sizeable financing and structured debt solutions to fund their business growth. We seek to increase our share in the banking business of large corporates while limiting the use of our Bank's balance sheet to achieve higher profitability. The loan syndication segment provides underwritten loan syndication and best effort loan syndication. The bond placement segment caters to the larger bond issuance and distribution market in India.

Global Transaction Services

Efficient management of working capital is one of the key success factors of every business. Our Bank's Global Transaction Services ("**GTS**") group helps businesses in achieving the same by offering cash management, trade finance and electronic banking. Under our Cash Management Services ("**CMS**"), the Bank offers products to corporate customers facilitating collections and payments. Our Bank benefits by growing its current account base. Clients benefit from CMS services by way of improved turnaround time on receivables, timely disbursement of payables, automated reconciliation and better returns from cash surpluses. Under our Trade Finance Services ("**TFS**"), the Bank provides funded facilities like export bill discounting, packing credit and non fund facilities, such as letters of credit and bank guarantees. The Bank's ability to provide a complete suite of trade finance solutions helps clients to effectively manage their working capital position and thus manage interest cost and profitability. Our Bank partners with clients by utilising our experience and expertise in delivering cost-effective and customized solutions for their working capital cycle.

Financial Markets

Our financial markets services ("**FMS**") provides a wide range of banking products to large corporates, SMEs and individuals, and is supported by state of the art systems and the capabilities of the ING Group. We offer competitive pricing and efficient services across the markets and a comprehensive set of financing products.

Corporate Deposits

We offer a variety of deposit products to our corporate customers. We market corporate deposits from branches and directly from our corporate office. Our deposit products for corporations include current accounts such as non-interest-bearing demand deposits, term deposits, fixed-term deposits that accrue interest at a fixed rate and may be withdrawn before maturity by paying penalties, and certificates of deposit, a type of time deposits. We accept Rupee or foreign currency denominated deposits with fixed or floating interest rates.

We believe that our relationships with corporate deposit customers significantly reduce the volatility in our corporate deposit base. We offer inter-bank call rate-linked floating rate deposits. We also provide liquidity management services to our corporate customers to enable them to invest their short-term cash surpluses in a variety of short-term treasury and deposit-based instruments, including treasury bills, commercial paper and

certificates of deposit. Further, we facilitate the holding of foreign currency accounts. In addition to large public and private sector companies, our other target customers for these products are provident funds.

The following table sets forth the distribution of wholesale customer assets between (i) our LC, BFI and IC groups and (ii) our EC group, as of March 31, 2013, 2012, 2011 and 2010:

(Rs. in millions)

Fiscal Year	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010
LC, BFI and IC groups	92,660	87,460	69,955	53,817
EC group	41,307	37,459	32,030	26,441
Total	**133,967**	**124,918**	**101,985**	**80,258**

Retail Banking

The retail banking business provides an entire suite of products that are aimed at meeting the needs of individuals and small corporates in India. The ambit of operations covers deposits, advisory for wealth products, foreign exchange services, loans, business facilities and rural banking. The product range has expanded to cater to the diverse customer profiles across urban and rural India. The focus has been on delivering products which are easy to use and transparent in nature. In addition to the above, we cross-sell and up-sell the products offered by other entities, including ING Investment Management (India) Private Limited.

Our retail banking business is categorised into two segments, *i.e.*, retail liabilities and retail assets. The branch banking group and the private client group are our two retail liabilities sub-segments. The consumer loans group, business banking group and agriculture and rural banking group are our three retail assets sub-segments.

Business Segments

I. Retail Liabilities

1. Branch Banking Group

Our consumer liability products include savings accounts, current accounts and term deposits. Resource mobilization is a core activity of ours. Our total retail deposits were Rs. 238,556 million as on March 31, 2013 comprising a mix of savings, current and term deposits. We offer our customers various avenues of savings across demand deposits, fixed deposits and wealth management products. Twenty-four hour accessibility to funds is provided through our network of branches, ATMs, and alternate channels such as telephone banking, internet banking and mobile banking.

Our principal branch banking products are as follows:

Current account:

We offer differentiated products to cater to the needs of different customer segments. We offer a range of current account products which combine benefits of access to all our branches for cash deposit, demand drafts, electronic funds transfers, frequency of statements, payable at par cheques, phone banking and internet banking. The benefits are packaged in various combinations at different minimum balance requirements aimed to meet needs based on business turnover of customers. The basic account offerings are general current accounts (for rural and semi urban markets), comfort current accounts (for retailers), advantage current accounts (for traders), Orange current accounts (for small businesses), Platina current accounts (for top-end customers) and institutional current accounts.

Savings account:

Our flagship savings account product offering, the Orange Savings Account, caters to the basic banking needs of urban consumers by combining remote banking and branch banking. We have different minimum quarterly average balance requirements aimed at different markets across metropolitan (Rs. 10,000), urban (Rs. 5,000), semi-urban (Rs. 2,500) and rural (Rs. 1,000) locations.

Over the last decade, we have introduced well-differentiated savings account products to cater to the evolving financial and lifestyle needs of the affluent and mass affluent segment of our clients.

- Platina savings account – The Platina savings account is a premium banking product that offers wealth management expertise, preferential banking services and a host of lifestyle-related benefits to HNI clientele. The account holders are required to maintain a minimum quarterly average balance of Rs. 100,000 or total relationship value of Rs. 1 million. The total relationship value is calculated based on the cumulative relationship value of a customer with our Bank across savings banking accounts, term deposit accounts, securities held in dematerialised form, mutual fund investments, home loans-equated monthly instalments and life insurance premium.

- Zwipe savings account – The Zwipe savings account caters to the mass affluent and upcoming middle class with the potential Platina savings account profile. This savings account offers a range of privileges and pricing benefits, including high daily withdrawal limits and discount on lockers and demat services with a minimum quarterly average balance requirement of Rs. 25,000.

- Institutional savings account – The Institutional savings account targets entities such as trusts, associations, clubs and specific government bodies. This account has a zero balance account requirement and has many features. including unlimited free national electronic transfer/real time gross settlement ("**NEFT/RTGS**") and demand draft/pay order, free payable at par cheques and cash deposit limits of Rs. 100,000 per day as well as relationship manager service for investment assistance.

- Zing Kids savings account – The Zing Kids savings account is a unique product targeting children with features aimed to meet basic needs of this segment of our clients and to encourage children to obtain the habit of saving with the help of their parents. This account includes features such as setting-up of standing instructions, booking of fixed deposit and personalized debit card. This account requires a minimum quarterly average balance of Rs. 2,500.

Corporate salary account - Aspira:

Aspira corporate salary account targets both corporate employer and employee needs. This account offers corporate payroll, expense and reimbursement management platform, and preferred banking features and benefits to employees. Aspira is an integrated account to manage payments, investments and tax planning. This account features meal card, reimbursement account, mobile banking, internet banking, phone banking, wealth management, loans and use of ATMs.

Additional privileges of the Platina savings account are offered to employees with a monthly salary credit of Rs.60,000 or more. A service manager is designated to an Aspira account holder to manage the client relationship.

Term deposit:

Our term deposit products have been one of the main products used by us to attract new customers. The product suite offers simple interest fixed deposits, compounding interest fixed deposits, recurring deposits, senior citizen deposits and Active deposits. An active deposit helps the customer to withdraw the required amount as per his/her liquidity requirement and continue the remaining amount at the originally agreed interest rate. The customer can withdraw the amount desired directly from the ATM or through a cheque. This also helps customers to avoid payment of penal interest on the amount withdrawn prematurely.

We launched an innovative deposit product called ING FD+ in June 2012 which is a fixed deposit account with several innovations and high interest rates. ING FD+ offers stable returns of a fixed deposit, complete waiver of the premature closure penalty and a range of features that allow accessibility and high liquidity to account holders. This product is available for deposits up to Rs 1.5 million. ING FD+ is powered by technological innovations, including use of short message services ("**SMS**") to book fixed deposit transactions or check the latest fixed deposit rates.

Gold coins:

We started retail sales of gold coins to offer a new asset product to our customers in April 2012. We sell 24 carat, 999.9 purity gold coins imported from Switzerland in denominations of 5 grams, 8 grams, 10 grams and 50 grams and in tamper proof packing along with assay-certification. This product is offered to our customers through 294 branches at competitive rates based on international bullion rates.

2. Private Client Banking Group

Our private client group provides our HNI customers with advisory and execution services on various products across asset classes ranging from direct equity, derivatives, mutual funds, bonds, insurance, structured products and real estate funds on a non discretionary basis. Our private bankers interact with clients directly and are responsible for our overall relationship management. They are supported by our advisory desk, capital market operations team, credit desk, compliance and products.

Our principal private client banking products are as follows:

Direct equity: This involves advising and facilitate investing / trading for the clients in the primary and secondary market.

Mutual funds: This involves advising and facilitating investment in the schemes of various asset management companies in the market.

Structured products: This involves advising and distributing structured products manufactured by various issuers.

Insurance: This involves cross-selling insurance products of ING Vysya Life Insurance Company Limited to our customers. We also have a corporate agency arrangement with ICICI Lombard General Insurance Co Limited for marketing of its general insurance products.

Real estate funds: This involves third party distribution of real estate funds including rental income fund.

Trust and estate planning: This involves advice in relation to trusts and estate management. These services are provided through a third party service provider.

Private investment banking: This involves the function of offering business families in the SME and mid-corporate segment, advice on their business and solutions to their fund raising and business restructuring requirements.

Apart from the above mentioned products, regular banking services are also provided to our customers, including credit facilities that are fully backed by eligible financial assets like fixed deposits and units of debt mutual fund schemes.

We also assist NRIs in execution and reporting of their transactions and facilitate the completion of relevant onshore regulatory requirements such as RBI approvals, tax matters and issuance of PAN.

Delivery Channels

We have a distribution network comprising branches and non-branch delivery channels, including off-site ATMs, internet, telephone and mobile banking channels, which provide our customers with access to our banking products and services.

Branch Network

We have a branch network for retail banking across the country. For administrative convenience and effective management, our branches have been divided into eight regions. The number of branches indicated below excludes nine RCCs and five ARMBs.

The table below summarises the geographical and demographic distribution of our branches as of the dates indicated:

Geography*	As of May 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010	As of March 31, 2009
Andhra Pradesh	179	179	179	179	180
South India (excluding Andhra Pradesh)	184	179	179	178	180
North & East	111	101	89	77	74
West	68	68	63	47	44
Total	**542**	**527**	**510**	**481**	**478**

**Internal classification of the Bank*

Demographic*	As of May 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010	As of March 31, 2009
Metro	175	160	159	139	132
Urban	170	179	173	166	167
Semi-Urban	107	97	90	89	92
Rural	90	91	88	87	87
Total	**542**	**527**	**510**	**481**	**478**

**Internal classification of the Bank*

Alternate Channels

Aligned to our growth plans, alternate channels including our ATM network, self bank kiosks, telephone banking, mobile banking and net banking have been repositioned to ensuring self-service catering to clients "Anytime, Anywhere, Anyhow".

In addition, we engage marketing agents who are involved essentially in lead generation and provide prospective customers with explanations on various products and services offered by us and also assist in distribution and collection of application forms. Upon obtaining the referrals, the adherence to KYC norms are independently verified by the Bank's officers.

We offer a user-friendly internet banking facility that allows our customers to conduct a comprehensive range of banking transactions online without visiting our branches or ATMs. Our internet banking platform allows first-time users to register themselves remotely and generate a user identification and password without visiting our branch or ATM. We seek to provide a competitive, functional and usable internet banking platform that meets our customer expectations of banking without paperwork. Our customers can view their account balances and statements, instantly book fixed deposits and recurring deposits, initiate fund transfers using NEFT/RTGS and interbank mobile payment system, pay bills as well as place service requests, including cheque stop, statement requests, address change requests, online using the internet banking platform. This internet banking platform also allows an easy access to wealth management services, including mutual fund transactions and enquiries. Our customers can also view loans and demat account details.

We also offer the 'Online Wealth Management Platform', a tool that customers can use directly through the internet. This platform helps a customer to check his financial risk profile and create a financial plan based on future cash flows and requirements, advises the customer on a model asset allocation and suggests a model investment portfolio backed by research. The customer can purchase and sell units of mutual funds online, view and analyze his portfolio and receive email portfolio alerts and quarterly updates. This product enables paperless transactions, and no cheques are required due to the direct debit/credit features that are updated instantly.

We are in the process of refreshing our mobile banking platform to cater to all the emerging smart phone platforms including iOS, Android, Windows Phone and Blackberry. Our mobile banking facility will allow our customers to view their account, order cheque books, order statements, stop cheque payments, pay bills and locate the nearest ING branch and ATM through their mobile phones. We intend to introduce other facilities in mobile banking which would allow our customers to send gifts and purchase tickets through their mobile phones. Our mobile banking platform will be supported by data plans of all telecom providers.

We also provide an online shopping service for customers enabling them to buy travel tickets, movie tickets, electronic goods, apparel and other products and services online and pay using an account transfer or a debit card.

II. Retail Assets

1. Consumer Loans Group

Consumer lending deals with granting secured loans to individuals, partnership firms and companies as well as unsecured loans to individuals for various purposes. Our consumer lending business is primarily driven through select asset booking centres where consumer finance loans are disbursed.

The business is sourced through multiple channels like direct sales agents, direct sales teams, branches, internet etc. Each region has marketing persons who coordinate with the various channels. On receipt of the application, a dedicated team processes the application to ensure compliance with our internal norms and verifies the documents, the default list provided by CIBIL and other credit rating agencies and internal default list before recommending the case for sanctioning of credit.

The consumer lending product management department performs the functions of designing new products and modifying existing products in line with the market, credit and operational risk, overall profitability etc.

Our principal consumer lending products are as follows:

Home loans: Loans can be given for constructing a home, purchasing a ready-built house/flat, composite loans or even for refinancing existing loans. Key features of home loans include funding up to 80% of the cost of property, floating rate of interest and flexible repayment options. The target customers for home loans are salaried and self-employed individuals. We focus on funding purchases of residential units from approved developers and projects.

Home equity: We offer home equity loans whereby our customers can avail a loan up to 60% of the value of the secured residential property. These loans are offered to salaried customers, self-employed customers, partnership firms and private limited companies as well. The loan amount can be used for the purposes of business expansion, working capital requirement, purchase of machinery, setting up a medical facility etc.

Loan against commercial property: Loans against commercial property are offered to businessmen and professionals secured against shops or offices. The borrower can avail this loan to fund business expansion and working capital requirements at an attractive rate of interest and minimum disbursal time.

Auto loans: Our Bank offers auto loans for purchase of new cars across manufacturers and models for up to 90% of the cost of the car and for tenure of up to 7 years on select models. Our Bank offers such loans to salaried and self-employed individuals. In addition to business sourced through branches, we have also entered into arrangements with automobile dealers for sourcing of such loans.

Personal loans: Personal loans are utilised for purposes such as purchase of consumer durables, marriage, education, travel, family function, business expansion and home improvement. The key features include absence of requirement for security, collateral or a guarantor. We offer multiple repayment options such as post dated cheques, electronic clearing services or standing instructions. The target customers are salaried individuals of specified categories of companies and self employed professionals who receive a direct salary credit into their ING Vysya Bank savings account.

Commercial vehicle loans: These loans are given for acquisition and expansion of fleet to transport operators and vehicle users, including consumer goods dealers, stockists, distributors, hardware merchants, rice mill operators and contractors. The funding is done for both new as well as used vehicles. The target customers are directly approached by the Bank's officers and we do not rely on any third parties for obtaining references for prospective customers for commercial vehicle loans.

2. Business Banking Group

We have traditionally focused on the SME sector, which has accounted for a sizeable proportion of our total advances. This segment focuses on the needs of all business enterprises, including trading of goods/services

with annual sales turnover of up to Rs. 1.5 billion for both domestic and export credit requirements. We have a large number of relationships which is a core strength enabling us to cross sell other products like savings/current/term deposits, insurance, mutual fund investments, credit cards and depository accounts. Our Bank also offers premium current account facility to SMEs called Platina Current Account that aims to provide SMEs with an easier access to banking services through features like doorstep banking, anytime anywhere anyplace banking, higher remittances as well as a dedicated relationship manager.

To cater to the online banking requirements of our business banking customers, we have introduced a new internet banking platform. Using this online platform, customers can do various financial and non financial transactions including transfer funds between accounts, NEFT/RTGS, view and query on statements and future dated transactions across multiple current accounts and/or overdraft accounts. The platform also gives the flexibility to the customers to set up transaction flows and to provide customized access rights across various levels in the customer's organization.

We offer loans under two parallel focus areas: small ticket "retail" loans which have a standard offering and quick disbursal and the "cluster" focus where customized products are offered for lending of high ticket sizes where we structure the loan to suit the client's requirement. Such customized products constitute a significant part of our loan book.

The quality of our loan book in the business banking segment has been improving. Our gross NPA and net NPA in this segment decreased from 1.68% and 0.93% as of March 31, 2010, respectively, to 0.36% and 0.01% as of March 31, 2013, respectively.

Our principal business banking products are as follows:

MPower-Rent: This is a scheme for discounting of rentals of commercial properties given by way of term loans for a period of up to eight years. These loans are given to property owners who have let out their property to reputed corporates, multi national companies, banks and insurance companies.

MPower-BLT: This is a scheme for traders. The available credit limit is up to a maximum of Rs. 20 million in the form of secured overdraft/term loan/composite loan, covering both working capital as well as term loan and also non-fund based limits.

MPower-Business Account: This overdraft product offers value added features like collection of outstation cheques at par across all regions**,** payable at par cheques, free demand drafts/pay orders based on sanction limit, international debit cards, cash/cheque pickup and delivery at select centres, free telephone banking at select centres, SMS alerts and free financial advisory services at select centres.

The Mpower range of schemes also extends to SSIs both in the manufacturing as well as in the processing sectors. It also covers the IT and software industry needs.

Trade Services: In addition to the above products, the business banking unit offers various funded and non-funded service for traders. These include export and import services, letter of credit, bank guarantees and remittance services amongst others.

3. Agriculture and Rural Banking Group

The Agriculture and Rural Banking segment deals with the businesses engaged in agricultural activities and lending to government sponsored schemes at all the rural branches. The focus of Agriculture and Rural Banking is to lend to the priority sector to meet the regulatory requirements. It also coordinates with other business units/departments to meet the regulatory requirement of maintaining the 40.00% limit with regard to priority sector advances, the 18.00% limit for direct agriculture and the 10% limit for weaker sections. ARB also participates in social obligation loan schemes such as the Prime Minister's employment generation program, Swarna Jayanthi Gram Swarozgar Yojna and Swarna Jayanthi Shahari Rozgar Yojna.

Agriculture and Rural Banking is focussed on progressive farmers involved in traditional and non-traditional cash crops, with specific focus on agriculture allied activities such as dairy, poultry, sericulture and pisciculture, amongst others.

We have designed specific products to meet the requirements of each client base, apart from regular crop loans and other agricultural loans, the brief details of which are as follows:

Gold Loan: The scheme provides access to funds required for the farmers' crop production and allied activities. Loans can also be sanctioned for the activities covered under other priority sector advances, education, housing and other business activities and for general purposes.

Kisan Credit Card: This product has been designed to meet the production and investment credit needs of farmers.

Vys-Krishi: This product is designed to provide mechanization to farms by way of funding term loans to the farming sector for purchase of tractors and other agriculture-related equipment.

Produce loan: This product is intended to provide short-term loans to the farming community to enable them to store their produce in designated warehouse/cold storage units to facilitate them to sell their produce at the best prices.

Rural Housing Loan: Our rural housing product is designed to give long-term rural housing loans to individuals in the rural/semi urban areas. Such loans are secured by the mortgage of property financed. These loans are given for purchase, construction or renovation of residential premises, at floating interest rates.

Apart from these rural business initiatives, we are partnering with other agencies for the issue of smartcards in the states of Andhra Pradesh and Karnataka for certain pilot schemes launched by the respective State Governments to handle pension payments and Mahatma Gandhi National Rural Employment Guarantee funds, pursuant to which the funds received from the State Government of Andhra Pradesh shall be paid by the Bank to the beneficiaries through business correspondents or through 'no frills accounts' of the beneficiaries opened by the beneficiaries with the Bank.

The retail banking segment has continuously worked to provide the best of schemes and services, in addition to facilitating the technology advantage to the customers by providing alternate channels and by taking banking activities virtually to the door steps of our customers.

In Fiscal 2013, our retail banking advances grew by 24.70% to Rs. 209,422 million from Rs. 167,938 million in Fiscal 2012.

In order to grow our retail banking business, we have emphasised growing our mortgage and retail loan portfolio while maintaining asset quality and maintaining a low level of gross and net NPAs. We have also focussed on increasing our overall CASA acquisitions as well as our CASA acquisitions per branch.

Provided below is the distribution of our retail advances as of March 31, 2010, 2011, 2012 and 2013:

(Rs. in millions)

Fiscal Year	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010
Business banking	116,693	92,574	68,039	46,936
Consumer loans	61,464	55,570	51,228	41,583
Agriculture and Rural banking	28,551	16,469	17,233	18,961
Others	2,714	3,325	2,546	1,650
Total	**209,422**	**167,938**	**139,045**	**109,130**

Directed Lending

Prudential Ceilings and Exposure Norms

The RBI requires banks to lend to certain specified sectors of the economy. Such directed lending comprises priority sector lending, export credit and housing finance. The position of our Bank as on March 31, 2013 with regard to the above mentioned sectors are given below:

Portfolio	Minimum Stipulation	As on March 31, 2013
Priority Sector Advances	40.00% of ANBC	38.16%
Agriculture	18.00% of ANBC	12.24%
Weaker Section Advances	10.00 of ANBC	1.44%
Export Credit	12.00% of ANBC	6.72%

Priority Sector Lending

The RBI guidelines require banks to lend 40.00% of their ANBC (net bank credit plus investments made by bank in non-SLR bonds held in HTM category and certain exemptions permitted by the RBI from time to time) to certain specified sectors of the economy, called priority sectors. Priority sectors include small and micro enterprises, the agricultural sector, food and agriculture-based industries and housing finance up to certain limits. Out of the aggregate target of 40.00%, banks are required to lend a minimum of 18.00% of their ANBC to the agriculture sector.

We are making continuous efforts to improve credit off-take to these sectors, and have identified micro finance institutions/self help groups and the residential housing segment for priority sector lending. Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with apex agencies like the National Bank for Agriculture and Rural Development, the National Housing Bank and the Small Industries Development Bank of India. These deposits have a maturity ranging from three years to seven years and carry interest rates lower than market rates.

The following table sets forth the position of our priority sector advances as on March 31, 2013:

(Rs. in millions)

Particulars as on March 31, 2013	Amount
Agriculture	35,243
Small and Micro Enterprises	60,162
Other PSA	14,476
TOTAL PSA*	**109,881**

**net of provisions*

Export Credit

As part of directed lending, the RBI also requires banks to grant loans to exporters at concessional rates of interest. Export credit is provided for pre-shipment and post-shipment requirements of exporter borrowers in Rupees and foreign currencies. At the end of any fiscal year, 12.00% of a bank's net bank credit is required to be in the form of export credit. This requirement is in addition to the priority sector lending requirement, but credit extended to exporters that are small-scale industries or small businesses may also meet part of the priority sector lending requirement. The RBI provides export refinancing for an eligible portion of total outstanding export loans at the bank rate prevailing in India from time to time.

Housing Finance

The RBI requires banks to lend up to three per cent of their incremental deposits in the previous fiscal year for housing finance. This can be in the form of home loans to individuals or investments in the debentures and bonds of the National Housing Bank and housing development institutions recognised by the Government of India. Our Bank complied with the above prescribed norm.

Loan Concentration

We have an internal policy on portfolio diversification. Our total financing exposure in a particular segment is evaluated in accordance with segment wise growth and profitability forecasts. Various control departments in our Bank, which include the three risk management departments and the compliance and audit group continuously monitor our sector wise exposure. Any sign of economic change in an industrial segment is followed by review of the entire portfolio, and restrictions, if required, on new exposures to that segment.

Industry Exposure

Our position of compliance in respect of major industry / sector (funded and non-funded outstanding) vis-à-vis the norms prescribed in our credit policy as of March 31, 2013 is as follows:

(Rs. in millions, except percentages)

Industry/Sector	Exposure Ceiling (%)	Exposure as of March 31, 2013*	% of Bank's Total Exposure
Gem & Jewellery	5.00	30,407.50	4.43
Textiles	5.00	28,658.10	4.18
NBFCs	10.00	36,936.80	5.39
NBFCs - Gold	1.00	1,500.00	0.22
Chemicals & Fertilizers	8.00	39,790.60	5.80
Iron & Steel	6.00	40,788.60	5.95
Pharmaceuticals	5.00	18,994.40	2.77
Infrastructure	15.00	29,438.60	4.29
Food Processing	7.00	39,668.70	5.78
Cement & Cement Products	5.00	7,881.50	1.15
Communication	8.00	391.30	0.06
Telecommunication (Non-Infra)	10.00	39,497.90	5.76
Microfinance Institutions	2.00	4,196.80	0.61
Construction	8.00	43,399.30	6.33
Vehicle & Vehicle Parts	6.00	30,809.80	4.49
Lending against Gold	2.00	3,440.00	0.50
Lending against Gold Coins	1.00	40.00	0.01

** Limits or outstanding, whichever is higher.*

Our largest exposure (computed based on credit and investment exposure as prescribed in RBI master circular on exposure norms) to an individual borrower as of March 31, 2013 is Rs. 9,490 million. Further, our exposure to the largest 20 borrowers as of March 31, 2013 is Rs. 90,480 million.

Asset classification

Our assets are classified in accordance with RBI guidelines on classification of assets. Under these guidelines, an asset is classified as non-performing if any amount of interest or principal on a term loan is overdue on it for a period exceeding 90 days. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains overdue for a period of more than 90 days and in respect of bills, if the amount remains overdue for more than 90 days.

As of March 31, 2013, net sub-standard advances comprised 82.30% of net NPAs. Based on the existing RBI guidelines for asset classification, details of the classification of our gross loans and other data in respect of NPAs as of March 31, 2013, March 31 2012, March 31, 2011 and March 31, 2010 are as follows:

(Rs. in millions, except percentages)

Particulars	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010
Gross NPA*	5,702	5,629	5,532	5,572
Gross NPA %	1.76%	1.92%	2.30%	2.96%
Net NPA	91	525	918	2,218
Net NPA %	0.03%	0.18%	0.39%	1.20%

**Gross NPA has been calculated before technical write-off*

Banks NPA recovery strategy: The SARFAESI Act of India has strengthened the ability of lenders to resolve non-performing assets by granting them greater rights to enforce the security and recover monies owed from borrowers, including abatement of reference to the Board for Industrial and Financial Reconstruction and stay, if any, thereon. Banks can accelerate recovery process through enforcement of the SARFAESI Act. For more information on the SARFAESI Act, refer to "*Regulations and Policies*". Our Bank is applying the provisions of the SARFAESI Act to the extent possible. Simultaneously, we are negotiating with the borrowers for arriving at a one-time settlement besides pursuing recovery action through DRT.

Capital Adequacy

Our capital adequacy ratio stands at 13.24% as per Basel II, as of March 31, 2013.

Particulars	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011

	(Basel – II)	(Basel – II)	(Basel – II)
CAR*	13.24%	14.00%	12.94%
Tier I Ratio	10.49%	11.23%	9.36%
Tier II Ratio	2.75%	2.77%	3.58%

**post payment of dividend*

Risk Management

Our risk management framework covers key areas such as market risk, credit risk and operational risk. These risk functions in the Bank are under the supervision of the Chief Risk Officer. The identification, measurement, monitoring and management of risks are key focus areas for the Bank.

Market Risk

Market risk refers to the potential losses resulting from changes in interest rates, foreign exchange rates, equities and commodity prices. Market risk arises with respect to all market risk sensitive financial instruments (such as securities, foreign exchange contracts, equities and derivative instruments) as well as from balance sheet or structural positions.

The Risk Management Review Committee ("**RMRC**") of the Board approved the investment policy for Fiscal 2013. The policy is reviewed on a semi-annual basis or more frequently as deemed appropriate. The Board and senior management are kept informed of the market risk issues and the Bank's exposures on a regular basis.

The Board approves the objectives, processes and policies of the Market Risk Management Department ("**MRMD**"). MRMD is responsible for monitoring market risk and reports to the Chief Risk Officer. MRMD identifies, measures, reports and controls the market risk exposures of the Bank. The market risk due to the market volatility variables is managed by active monitoring of the Board-approved limits. Market risk is primarily controlled by monitoring a series of limits which are used to align risk-taking activities based on our Bank's risk appetite.

The ALCO manages the capital and solvency position, liquidity and interest rate risks of our Bank's balance sheet. The ALCO actively meets and discusses the investment, interest rate risk and liquidity issues and reviews ALM and investment policy-related matters. To manage these economic risks, MRMD provides ALCO with various tools including value at risk, event risk, fund transfer pricing mechanisms and balance sheet simulations for impact of volume and rate changes and earnings at risk analysis.

In order to further strengthen the market risk control environment, we have set up the financial market mid office ("**FM Mid Office**"). FM Mid Office operates independently from our business operations and is engaged in activities, including analysis of exceptions, off-market trade analysis, monitoring of deal data base with focus on deletions, modification of deals, completeness of deal processing static data maintenance and folder monitoring.

Liquidity Risk

Liquidity risk is the risk of being unable to raise necessary funds from the market to meet operational and debt servicing requirements. The purpose of liquidity management is to ensure sufficient cash flow to meet all financial commitments and to capitalise on opportunities for business expansion. The ALCO meets regularly to review the liquidity position. In addition, we also track the potential impact of prepayment of loans or premature closure of deposits and arrives at a realistic estimate of our near to medium-term liquidity position.

Interest rate risk

Management of interest rate risk is one of the critical components of market risk management. Our net interest margin is dependent on the movement of interest rates and mismatches in the cash flows. Interest rate risk management is achieved by the establishment and monitoring by MRMD of various risk limits such as earnings at risk, interest rate simulation and gap limits.

Credit Risk

Credit risk is defined as the possibility of losses associated with the diminution in the credit quality of the borrower or the counterparty or the failure on its part to meet its obligations in accordance with the agreed terms.

For the identification, measurement, mitigation, monitoring and governance of credit risk, the Bank has laid down various policies, including a credit risk policy, country risk policy, customer appropriateness and suitability policy and break clause policy. The policies generally define exposure norms, underwriting standards, regulatory requirements and negative list and restricted exposures. The policies are reviewed annually or more frequently. Exhaustive credit risk manuals and guidelines detailing the mode of implementation of the policies have also been put into practice.

Our credit risk management structure consists of the Risk Management and Review Committee of the Board, credit policy committee, Board Credit Committee, joint monthly meeting, asset recovery management committees, operations function and debt management and special loan management group.

The credit risk management function brings together best practices across three core areas of credit risk management – risk methodology, risk policy and process and risk infrastructure. Credit risk, both on and off balance sheet, is actively monitored in accordance with policies and procedures. For wholesale credit exposures, management of risk is done through target market definition, robust credit approval process and monitoring and remedial management procedures.

Given the granularity of individual exposures, consumer finance credit risk is managed largely on a portfolio basis, across various products and customer segments. This is being done at frequent intervals not only to control the exposures but also to control/ mitigate the risk to which we are being exposed (measured in terms of risk migration, asset classification, probability of default/exposure at default/loss given default ratios).

All consumer finance products are managed through a loan origination and repayment management system, which results in a significant improvement in the turnaround times for disbursals, MIS and monitoring and quality of the portfolio.

We have complied with the capital requirements under the New Capital Adequacy Framework (Basel-II), as of March 31, 2013. We shall strive to ensure compliance on an on-going basis, presently under the Standardised Approach of Basel-II, while working towards implementation of an internal model based approach respecting the timelines set by the regulator.

The credit risk policies and manuals are periodically amended to incorporate changes in the environment / market and regulatory guidelines.

Operational Risk

Operational risks may arise from a variety of factors, such as unauthorised transactions/decisions, improper documentation, non-adherence to operational and information security procedures, failure of computer system, software or equipment, perpetration of frauds, and execution errors. In short, they can result from a variety of factors including failed internal processes, people and systems or from external events.

For effective management of the Bank's operational risk, we have developed a comprehensive Operational Risk Management Framework ("**ORMF**") that supports the process of identifying, measuring and monitoring operational, information and security risks. ORMF is aligned with the COSO Enterprise Risk management Framework. The Bank's ORMF is approved and reviewed on a periodic basis by the Board. The Country Non-Financial Risk Committee is responsible for ensuring uniform implementation of the framework throughout the Bank.

The Board is primarily responsible for ensuring effective management of operational risks in our Bank. We have set up a Non Financial Risk Committee ("**NFRC**") reporting to our Risk Management review committee. An independent ORM function reports to the Chief Risk Officer and is responsible for development of specific policies, frameworks, minimum standards and risk management processes for effective management of the Bank's operational, information and security risks.

Legal Risk

We face significant legal risks in our business due to the uncertainty of the enforceability of the obligations of our customers and counterparties. The legal risk that is faced by us is higher in new areas of business where the law is often untested by the courts, for instance, in the area of derivatives. We seek to minimise legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorised and consulting internal/external legal advisors.

Inspection and Audit

Our internal audit function is an independent activity which seeks to provide assurance to the Audit Committee of the Board on effectiveness of the internal control environment in our Bank through examination and evaluation of adherence to processes, procedures, regulatory and legal requirements. This department also recommends quality enhancement measures in operational processes to address process and control gaps based on audit findings. The internal audit department undertakes audits of branches and business units, following the risk based audit approach and other best practices and according to the audit plan approved by the Audit Committee of the Board. Further, the internal audit group also has dedicated teams for conducting audits on various areas, including wholesale banking, financial markets, retail banking, support and control functions and Information Technology (IT). Audit resources are allocated based on an assessment of the various types of skills required for each audit.

In addition, we are also adhering to the RBI guidelines to cover a minimum of 50% of business volumes. Apart from select branches and credit inspections, concurrent audits are performed at certain support functions such as centralised collection/payment hubs, retail deposit operations, general lending operations supporting wholesale banking, financial markets, trade finance units etc. The scope of concurrent audits includes verification and reporting of any non adherence to internal controls as well.

We are also subject to inspections conducted by the RBI under the Banking Regulation Act.

Compliance

We have implemented a risk management function which is in line with the RBI's guidelines on "compliance function in banks" and taking into account international best practices recommended by the ING Group. The framework is aimed at ensuring that we meet stakeholder expectations while managing compliance risk. Consistent management of compliance risks supports the Bank's mission to build a sustainable competitive advantage by fully integrating risk management into daily business activities and strategic planning. In line with this objective, the key activities under the framework of compliance risk management include risk identification, risk assessment, risk mitigation, risk monitoring and risk reporting for which detailed processes and tools have been implemented. To perform the activities under the compliance framework, compliance function/ department has been structured into five major teams namely: RBI liaison including dissemination of regulatory requirements for implementation by various functions in our Bank; advisory team that is responsible for product, policy and process approvals in addition to addressing specific queries from various units; and monitoring and reporting team that also addresses training and awareness elements.

Human Resources – Employees

As of May 31, 2013, we have 9,883 employees. The following table indicates the total number of employees as on the dates indicated below:

	As of			
Category	**May 31, 2013**	**March 31, 2013**	**March 31, 2012**	**March 31, 2011**
Officers	7,580	7,443	7,584	4,811
Other Employees	2,303	2,315	2,417	2,230
Total	**9,883**	**9,758**	**10,001**	**7,041***

* Note – In Fiscal 2012, 1,682 employees from our subsidiary, ING Vysya Financial Services Limited, were transferred to the Bank.

Our employees include experts in the areas of risk management, credit analysis, treasury, relationship management, retail products, information technology as well as general banking professionals.

We have three employee stock option schemes in place. For details, see "*Organisational Structure and Principal Shareholders*" and "*Board of Directors and Senior Management*".

Information Technology

We are focussed on leveraging technology to create customer centric/multi-channel solutions like internet banking and mobile banking. We strive to use information technology as a strategic tool for our business operations, to gain a competitive advantage and to improve our overall productivity and efficiency. We have entered into a service level agreement with ING Bank N.V. for availing operations and IT baseline services.

Our IT infrastructure is built on a robust architecture consisting of a primary data centre and a disaster recovery set-up that link our entire network of branches, regional offices, central processing units and ATMs. All of these locations are centrally connected to a core banking system. We have also implemented 'straight through processing' of all customer requests like cheque book replenishments, account transfers and account closures across technology application systems and operations processes through automation and process re-engineering. We have a disaster recovery system in Hyderabad which provides real-time back up for data for critical applications. The focus of our technological initiatives has included supporting business through implementing a service oriented architecture which we believe has resulted in quicker time to market. Our initiatives have also gained external recognition in the form of the CIO 100 Award since 2009 and Asian Banker award in 2012. We have rolled out ITIL/ISO 20000 based processes, implemented ISO 27001 Information Security Management System requirement and the status has been regularly audited by our internal audit team.

Insurance

We maintain ongoing insurance policies in respect of our premises, office automation, furniture and fixtures, electronic equipments, employee fidelity, cash in premises, cash in transit, other valuables and documents. These assets are insured against burglary, theft, fire, perils, terrorism, strike riots and civil commotion. We also have special contingency cover against public liability. We believe that we maintain all material insurance policies commonly required by a bank in India.

Intellectual Property

We have entered into a trademark license agreement with ING Groep N.V. for 'ING (blue letters) lion (orange colour)'; 'ING lion (black and white)' and 'ING (word mark)'. The license granted to the Bank under this trademark license agreement is in perpetuity unless: (i) terminated by either the Bank or ING Groep N.V. based on certain grounds specified in the agreement; (ii) ING Groep N.V.'s shareholding in the Bank falling below 26%; (iii) a change in control of ING Groep N.V. such that ING Groep N.V. ceases to be ultimate beneficial owner of the shares held by its subsidiaries in the Bank; or (iv) in the event of the Bank merging with any other bank or financial institution. Under the terms of this trademark license agreement, ING Groep N.V. has the right to require the change of the corporate name or domain names of the Bank or to cease using the trademarks on certain grounds. Our applications for registration of the marks 'Orange Account' and 'Orange Account – The New Colour of Savings' have been opposed. The application proceedings are pending.

Properties

The Registered Office is located in a premise owned by the Bank. Out of the eight regional office premises, three are owned by the Bank and the remaining are leased premises. Of the nine regional collection centers, we own one center and the remaining eights centers are leased. Out of six cash management services premises, five are leased and one is owned. The competence development centre is operating from the Bank's own premises located at Bengaluru.

In respect of the branch premises, the Bank owns 16 and the other branch premises are under lease. Further, the Bank owns 10 onsite ATM premises and one offsite ATM premises.

The Bank also owns 230 residential units in seven cities across the country, which are for employee use. The Data centre at Information Technology Park in Bengaluru is leased and the disaster recovery center located in Hyderabad is owned by the Bank.

Competition

We face competition in all our business areas from large public sector banks as well as peer banks. Our primary competitors are private sector banks, foreign banks and public sector banks. Many of our competitors have, over time, built extensive branch networks, providing them with the advantage of a low cost deposit base, and enabling them to lend at competitive rates. In addition, the extensive geographic reach of many of these institutions enables product delivery in remote parts of the country. We seek to compete with these competitors through value added services, faster customer service response, quality of service, a growing inter-connected branch network and technology enabled delivery capabilities. Other private sector banks also compete in the corporate banking market on the basis of pricing, efficiency, service delivery and technology. We also face competition from foreign banks, which have traditionally been active in providing trade finance, fee-based services and other short-term financing products to large Indian corporations.

Corporate Social Responsibility ("CSR")

The ING Vysya Foundation (the "**Foundation**") was incorporated in October 2004 to promote the CSR initiatives of the Bank and the other ING Group entities in India. The Bank has been a substantial contributor to the Foundation since its incorporation. The Foundation seeks to promote primary education of underserved children. This approach is part of the worldwide Chances for Children programme ("**CFC**") of the ING Group.

We recognize the importance of creating social infrastructure by nurturing partnerships with Civil Society Organizations ("**CSOs**") to achieve its mission. Over the reporting period of the last year, IVF has worked with 13 CSO partners, across India, who are engaged in:

- Enrolling children (never been to school and out of school) back to school;
- Preparing children through bridge schools and pre-primary schools for enrollment in formal schools; and
- Retaining and continuing education of children who are already enrolled.

Our engagement in these projects has a positive impact on deserving children. This helps us leverage our resources, both funds as well as skills to create long-term impact in the lives of the children. Our specific initiatives are as follows:

*Volunteering***:** IVF provides opportunities to employees to volunteer for the development and growth of underserved children. Several volunteer initiatives were organized under the Hope Brigade program throughout the year. Activities include teaching children spoken English, garden clean-up activities, painting/marking trees and planting saplings, raising awareness on reducing the spread of bacteria during the monsoon, taking children on educational tours, story-telling classes to develop reading habits among children and donating books to libraries.

*Financial Inclusion***:** We promote financial inclusion under the Board-approved plan. Our branches are authorized to open savings bank deposit accounts to encourage individuals not covered by the banking system to become a part of the formal banking channel and generate savings. Our Bank also provides basic doorstep banking services with the help of business correspondents.

Energy Management

We have accelerated our efforts in the area of energy conservation and has registered a significant saving of electricity since 2009 across its two corporate locations at Bengaluru and Mumbai. In 2012, we have reduced our energy consumption in our Bengaluru Corporate Office and our Mumbai Office.

We have also actively embraced the green buildings concept. Our corporate office in Mumbai is a LEED-certified gold rated building. Our corporate office in Bengaluru incorporates the best of modern building codes and practices.

Sustainability Projects

In the following cases, we have supported eco-friendly projects among indigenous communities. Under the umbrella of IVF, our employees:

- Installed 400 eco-friendly, smokeless stoves in 20 tribal villages of Bandipur.
- Planted saplings.
- Provided solar lights in the SOS Children's Village of India, Nagapattinam. The project promoted community awareness and involvement to save energy, provide carbon free lighting and extend study time for children during the evening hours. This initiative has enabled the village to save electricity. These savings are used to provide better nutrition and health care to this village's children.

Outstanding Litigation

We have, from time to time, been involved in litigation incidental to our business.

As on May 31, 2013, among others, we have been made party to the following cases above the threshold of Rs. 1 million:

1. 26 civil suits claiming various amounts alleging defaults in relation to invocation of bank guarantees and letters of credit, alleging non-adherence to client instructions in relation to their respective bank accounts, alleging improper termination and non-payment of salary, alleging non compliance with know-your-customer norms issued by the RBI, alleging non-repayment of amounts deposited with us, alleging levy of excess interest/deficiency in service charges, alleging improper disposal of pledged or secured assets or seeking recovery of amounts from the proceeds of such disposal and alleging improper debits of amounts from customer accounts;

2. 13 consumer cases at various district, state and national consumer dispute redressal *fora*, alleging deficiency in service on various grounds including alleged misappropriation of moneys by our employees, misplacement of deposited title deeds, alleged non-adherence to client instructions in relations to their respective bank accounts, alleged refusal to release funds despite proper instructions issued by the clients and irregularities in certain account related transactions;

3. one case filed against us before the Debt Recovery Tribunal by Syndicate Bank, A.R.M. branch for alleged fraudulent release of funds in violation of 'know-your-customer' norms issued by the RBI. This matter is over a threshold of Rupees one million.

The value of these pending cases, without accounting for provisioning made, aggregates to a sum of Rs. 564.54 million and we have made provisions amounting to a sum of Rs. 150.29 million as of May 31, 2013. This amount is only an aggregate of quantified monetary values specifically claimed through the application, plaint or petition and does not include the value of any specific relief, any un-quantified damages or interest which may have been claimed. There is also one case before the High Court of Karnataka for winding up of the Bank. In addition to the above cases, each of which value over one million, there are 485 other cases, as of May 31, 2013, each of which value below one million, against the Bank which correspond to an aggregate liability of Rs. 35.93 million on various grounds including those alleging improper disposal of pledged or secured assets, improper debits of amounts from customer accounts and deficiency of service. There are also 10 criminal cases against the Bank's officers on grounds of cheating, criminal breach of trust and forgery. As on May 31, 2013, we are also involved in various income tax and service tax proceedings for the assessment years 2000-01 to 2012-13 involving disputed tax amounts in excess of one million Rupees on grounds of the alleged impermissibility of deductions and exemptions sought to be claimed by us, aggregating to Rs. 972 million. In addition to the above matters, we are also involved in legal proceedings initiated by our Bank that are pending before the relevant courts and tribunals at various levels. We have further initiated civil proceedings against various parties seeking recovery of amounts and injunctive relief and criminal proceedings where fraud has been detected.

While we cannot predict the outcome of any pending or future litigation, examination or investigation, based on the amounts sought in pending actions against us, our having provided for certain potential liabilities arising from these matters, and our history of resolving litigation matters in the past, we do not believe that any pending legal matter will have a material adverse effect on our business, financial condition or results of operations. For details, please refer to "Risk Factors".

REGULATIONS AND POLICIES

The following description is a summary of certain laws and regulations in India, which are applicable to the Bank. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

The main legislation governing commercial banks in India is the Banking Regulation Act. Other important laws include the RBI Act, the Negotiable Instruments Act, 1881 and the Banker's Books Evidence Act, 1831. Additionally, the RBI, from time to time, issues guidelines to be followed by banks. Banking companies are also subject to the purview of the Companies Act, to the extent applicable, and if such companies are listed on a stock exchange in India then various regulations of the SEBI and provisions of the listing agreements with the respective stock exchange would additionally apply to such companies.

Banking Regulation Act, 1949

Commercial banks in India are required under the Banking Regulation Act to obtain a license from the RBI to carry on banking business in India. Before granting the license, the RBI must be satisfied that certain conditions are complied with, including (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital and earnings prospects; and (iv) that public interest will be served if such license is granted to the bank. The RBI can cancel the license if the bank fails to meet the above conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record keeping requirements for such commercial banks. The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in the interest of the depositors or in the public interest. It also sets out the provisions in relation to the loan granting activities of a banking company. The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities. No shareholder in a bank can exercise voting rights on poll in excess of 10% of total voting rights of all the shareholders of the bank. However, the RBI may increase this ceiling to 26% in a phased manner.

Further, the Banking Regulation Act, as amended, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5.00% or more of paid up capital of a bank or entitles him to exercise 5.00% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of a bank from exercising voting rights in excess of 5.00%, if such person is deemed to be not fit and proper by the RBI.

Further, the RBI requires banks to create a reserve fund to which it must transfer not less than 20.00% of the profits of each year before dividends. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Further, the recent amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

The RBI may impose penalties on banks and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment. The banks are also required to disclose the penalty in their annual report.

The Bank being licensed as a banking company, is regulated and supervised by the RBI. The RBI requires us to furnish statements, information and certain details relating to our business. It has issued guidelines for commercial banks on recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for non-performing assets.

Requirements of the Banking Regulation Act

Prohibited Business

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities.

Restriction on Share Capital and Voting Rights

Banks can issue only ordinary shares. The Banking Regulation Act specifies that no shareholder in a banking company can exercise voting rights on poll in excess of 10.00% of total voting rights of all the shareholders of the banking company.

Restrictions on Investments in a Single Company

No bank may hold shares in any company exceeding 30.00% of the paid up share capital of that company or 30.00% of it's paid up share capital and reserves whichever is less. However, a bank may hold shares in a subsidiary company in accordance with the provisions of the Banking Regulation Act.

Regulatory Reporting and Examination Procedures

The RBI is empowered under the Banking Regulation Act to inspect a bank. The RBI monitors prudential parameters at quarterly intervals through various reporting requirement to enable off-site monitoring and surveillance by the RBI.

The RBI also conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years.
The RBI also conducts on-site supervision of selected branches with respect to their general operations and foreign exchange related transactions.

Appointment and Remuneration of the Chairman, Managing Director and Other Directors

Banks are required to obtain prior approval of the RBI to appoint their chairman, managing director and any other wholetime directors of banks and fix their remuneration. The RBI is empowered to remove an appointee to the posts of chairman, managing director and wholetime directors on the grounds of public interest, interest of depositors or to ensure the proper management of the bank. Further, the RBI may order meetings of the board of directors to discuss any matter, appoint observers to such meetings and in general may make such changes to the management as it may deem necessary and may also order the convening of a general meeting of the shareholders to elect new directors. The Bank cannot appoint as a director any person who is a director of another banking company without the consent of the RBI.

The RBI has issued guidelines relating to salary and other remuneration payable to the chairman, managing director and whole time directors of new private sector banks. In June 2004, the RBI issued guidelines on 'fit and proper' criteria for directors in private sector banks and in November 2007, similar criteria were made applicable to nationalized banks as well. On January 13, 2012, the RBI has issued 'Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Risk Takers and Control Function Staff', which requires, *inter alia*, the banks should formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof. The policy should cover all aspects of the compensation structure such as fixed pay, perquisites, bonus, guaranteed pay, severance package, stock, pension plan, gratuity, etc., taking into account these guidelines. The process of framing/reviewing the policy was required to be completed by March 2012 for implementation from the financial year 2012-13 and our Bank has implemented the same.

Penalties

The RBI may impose penalties on banks and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment. A press release has been issued by the RBI giving details of the circumstances under which the penalty is imposed on the bank along with the

communication on the imposition of the penalty in public domain. The banks are also required to disclose the penalty in their annual report.

Assets to be Maintained in India

Every bank is required to ensure that its assets in India (including import-export bills drawn in India and RBI approved securities, even if the bills and the securities are held outside India) are not less than 75.00% of its demand and time liabilities in India.

Maintenance of Records

The Banking Regulation Act specifically requires banks to maintain books and records in a particular manner and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to the Bank as in the case of any company. The Know Your Customer / Anti Money Laundering Guidelines framed by the RBI also provide for certain records to be maintained for a minimum period of ten years from the cessation of relationship with the client.

Secrecy Obligations

The Bank's obligations relating to maintaining secrecy arise out of common law principles governing its relationship with its customers. The Bank cannot disclose any information to third parties except under clearly defined circumstances. The following are the exceptions to this general rule:

- where disclosure is required to be made under any law;
- where there is an obligation to disclose to the public;
- where there is a need to disclose information in the bank's interest; and
- where disclosure is made with the express or implied consent of the customer.

A bank is also required to disclose information if ordered to do so by a court. The RBI may, in the public interest, publish the information obtained from a bank. Under the provisions of the Banker's Books Evidence Act, a copy of any entry in a bankers' book, such as ledgers, day books, cash books and account books certified by an officer of the bank may be treated as prima facie evidence of the transaction in any legal proceedings.

Ownership Restrictions

The Government of India regulates foreign ownership in Indian banks. The total foreign ownership in a private sector bank cannot exceed 74.00% (49.00% under the automatic route and beyond 49.00% and up to 74.00% under the approval route) of the paid-up capital subject to guidelines for setting up branches or subsidiaries of foreign banks issued by the RBI. The total holding of all FIIs, including sub-accounts of an FII, in a bank is subject to a cap of 24.00% of the total issued capital of the bank, which can be increased to the relevant statutory cap in respect of the bank upon the passing of a special resolution of the shareholders of the bank in a general meeting. However, the level of FII investment in a private sector bank can be increased only up to 49.00%, with the approval of the shareholders.

The RBI on February 28, 2005, released a "Roadmap for Presence of Foreign Banks in India and Guidelines on Ownership and Governance in Private Sector Banks" (the "**Roadmap**"). The Roadmap envisages two phases. During the first phase, between March 2005 and March 2009, foreign banks were permitted to establish their presence in India by way of setting up wholly owned banking subsidiary ("**WOS**") or converting their existing branches into a WOS.

Initially equity participation by foreign banks would be permitted only in the private sector banks that are identified by the RBI for restructuring. On an application made by a foreign bank for acquisition of five per cent or more in any private bank, the RBI would consider whether the standing and reputation of the foreign bank and the desired level and nature of its presence in India is in the long term interest of all stake holders of the investee bank.

The RBI's acknowledgement is required for the acquisition or transfer of a bank's shares which will take the aggregate holding (both direct and indirect, beneficial or otherwise) of an individual or a group to equivalent of five per cent or more of its total paid up capital. The RBI, while granting acknowledgement, may take into

account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fitness and propriety tests. In determining whether the acquirer or transferee is fit and proper to be a shareholder, the RBI may take into account various factors including, but not limited to the acquirer or transferee's integrity, reputation and track record in financial matters and compliance with tax laws, proceedings of a serious disciplinary or criminal nature against the acquirer or transferee and the source of funds for the investment. Further, the Banking Regulation Act, as amended, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5.00% or more of paid up capital of a bank or entitles him to exercise 5.00% or more of the voting rights in a bank.

In granting acknowledgement for acquisition or transfer of shares that takes the acquirer's shareholding to 10.00% or more and up to 30.00% of a private sector bank's paid-up capital, the RBI may consider various additional factors.

Prudential norms on income recognition, asset classification and provisioning pertaining to advances ("Prudential Norms")

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" **("Prudential Norms")** issued on July 2, 2012, has classified in NPAs as (i) sub-standard assets: (ii) doubtful assets: and (iii) loss assets. These guidelines specify provisioning requirements specific to the classification of the assets.

In July 2005, the RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. An asset must have been classified as non-performing for at least two years by the seller bank to be eligible for sale. In October 2007, the RBI issued guidelines regarding valuation of NPAs being put up for sale.

The RBI has also issued a separate set of prudential guidelines on restructuring of advances by banks in relation to the norms/conditions, which must be fulfilled in order to maintain the category of the restructured account as a 'standard asset'. The earlier guidelines issued by the RBI on restructuring of advances specified that "standard" advances should be re-classified as a "sub-standard" immediately on restructuring. Post August 2008 the RBI has issued a series of circulars on special regulatory treatment on restructuring of advances by banks. The RBI has specified that during the pendency of the application for restructuring of the advance, the usual asset classification norms continue to apply. However, as an incentive for quick implementation of the package, if the approved package is implemented by the bank as per the specified time schedule (within 120 days from the date of approval under the corporate debt restructuring ("**CDR**") mechanism or within 90 days from the date of receipt of application by the bank in cases other than those restructured under the CDR mechanism), the asset classification status may be restored to the position which existed when the reference was made to the CDR cell in respect of cases covered under the CDR mechanism or when the restructuring application was received by the bank in non-CDR cases. This special regulatory treatment is not applicable to consumer and personal advances, advances classified as capital market exposures and advances classified as commercial real estate exposures. The RBI vide its circular date May 30, 2013 issued prudential guidelines on restructuring of advances by banks and financial institutions which has prescribed certain amendments.

Sale and Purchase of Non-performing Assets

In July 2005, the RBI issued guidelines on sales and purchases of non-performing assets between banks, financial institutions and non-bank finance companies. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of non-performing assets. Purchases and sales of non-performing assets must be without recourse to the seller and on a cash basis, with the entire consideration being paid upfront. An asset must have been classified as non-performing for at least two years by the seller to be eligible for sale. The purchasing bank must hold the non-performing asset on its books for at least 15 months before it can sell the asset to another bank. The asset cannot be sold back to the original seller. On May 16, 2007, the above guidelines were amended to provide that at least 10.00% of the estimated cash flows should be realized in the first year and at least five per cent in each half year thereafter, subject to full recovery within three years.

Corporate debt restructuring mechanism ("CDR System")

The institutional mechanism for restructuring has been set up through establishment of the CDR System in 2001. It is a joint forum of all banks and financial institutions and operates as a non-judicial body. The CDR System operates on the principle of super-majority amongst the participating banks and financial institutions for a particular advance. The Prudential Norms as mentioned above equally apply to the accounts restructured under CDR System.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The Prudential Norms issued by the RBI prescribe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

In January 2013, the SARFAESI Act was amended by the Enforcement of Security Interest and Recovery of Debt Laws (Amendment) Act, 2012. Pursuant to the amendment, means for recovery of assets available to banks and financial institutions have been strengthened. For instance, securitization and reconstruction companies have been permitted to convert part of their debt into shares of a borrower company for the purpose of asset reconstruction. Further, banks and financial institutions have been empowered to accept immovable property in full or partial satisfaction of the bank's claim against the defaulting borrower in times when they cannot find a buyer for the securities. The amendment also enables banks and financial institutions to enter into settlement or compromise with the borrower and empowers Debt Recovery Tribunals to pass an order acknowledging any such settlement or compromise.

Opening of Branches

The RBI has issued "Master Circular on Branch Authorization" dated July 2, 2012, guidelines for opening /shifting of branches. Section 23 of the Banking Regulation Act provides that banks must obtain the prior approval of the RBI to open new branches. Permission is granted based on factors such as the financial condition and history of the banking company, its management, adequacy of capital structure and earning prospects and the public interest. Domestic scheduled commercial banks (other than RRBs) are permitted to open branches in Tier 2 to Tier 6 centres, as also in rural, semi-urban and urban centres in North Eastern States and Sikkim without permission from Reserve Bank of India in each case, subject to reporting.
Banks may include all proposals for opening of branches in such centres where permission from RBI is required, in the Annual Branch Expansion Plan (ABEP)

Banks have been given freedom to shift a branch to any location within the centre (city / town / village) without seeking prior approval from RBI. As such, these cases should not be included in the ABEP for approval.

In September 2005, the RBI issued a new branch authorization policy in terms of which the system of granting authorizations for opening individual branches from time to time was replaced by a system of aggregated approvals on an annual basis. The RBI discusses with individual banks their branch expansion strategies and plans over the medium term. While processing authorization requests, the RBI gives importance to the nature and scope of banking services particularly in under-banked areas, actual credit flow to the priority sector and efforts to promote financial inclusion, the need to induce enhanced competition in the banking sector, the bank's regulatory compliance, quality of governance, risk management and relationships with subsidiaries and affiliates. Permission of the RBI is not required for installation of on-site ATMs and in June, 2009 the RBI has permitted installation of off-site ATMs at centres identified by banks, without having the need to take permission from the RBI in each case. Vide Circular dated July 23, 2010, general permission has been granted to domestic scheduled commercial banks (other than RRBs) to operationalise Mobile branches in Tier 3 to Tier 6 centres and to Scheduled commercial banks (other than RRBs) to operationalise Mobile ATMs at centres / places identified by them, without prior permission from the Reserve Bank, subject to reporting. Further, banks are mandated to allocate 25.00% of the total number of new branches opened during a year to unbanked rural areas, which are tier 5 and tier 6 centers.

Further, the RBI on May 28, 2013 advised banks to draw up their next financial inclusion plan ("**FIP**") for the period 2013-16 to facilitate speedier branch expansion in unbanked rural centres to ensure seamless roll out of the direct benefit transfer ("**DBT**"), scheme of the Government of India. The RBI circular also provided that an additional credit will be given to the banks for branches opened in unbanked rural centres in excess of the required 25.00% of the annual branch expansion plan ("**ABEP**"), for the year which will be carried forward for achieving the criteria in the subsequent ABEP/FIP.

Regulations relating to Making Loans

The provisions of the Banking Regulation Act govern the making of loans by banks in India. The RBI issues directions covering the loan activities of banks. Some of the major guidelines of the RBI, which are now in effect, are as follows:

- The RBI has prescribed norms for banks lending to non-bank financial companies and the financing of public sector disinvestment.

- RBI introduced the "Base Rate" in place of the BPLR with effect from July 1, 2010. For loans sanctioned up to June 30, 2010, BPLR would be applicable. However, for those loans sanctioned up to June 30, 2010 which come up for renewal from July 1, 2010 onwards, Base Rate would be applicable.

- Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them.

- RBI on June 7, 2013, issued guidelines that the banks should also subject the title deeds and other documents in respect of all credit exposures of `50 million and above to periodic legal audit and re-verification of title deeds with relevant authorities as part of regular audit exercise till the loan stands fully repaid.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group). Exposure norms are prescribed as per the Master Circular on Exposure Norms issued by the RBI on July 2, 2012. The RBI has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds. Relaxations are permitted in exceptional circumstances and lending to infrastructure sector. The total exposure to a single NBFC has been limited to 10% of the bank's capital funds while exposure to non-banking asset finance company has been restricted to 15% of the bank's capital funds. The limit may be increased to 15% and 20%, respectively, provided that the excess exposure is on account of funds lent by the NBFC to the infrastructure sector.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year.

Statutes Governing Foreign Exchange and Cross-Border Business Transactions

Foreign exchange and cross border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. All branches are required to monitor all non-resident accounts to prevent money laundering and the AP (DIR series) circulars and master circulars issued by the Foreign Exchange Department of the RBI, and FEMA regulations governing foreign exchange and cross border transactions.

The Master Circular on External Commercial Borrowings dated July 2, 2012 issued by the RBI states that no financial intermediary, including banks, will be permitted to raise external borrowings or provide guarantees in favor of overseas lenders for external commercial borrowings. External commercial borrowing proceeds can be utilized for overseas direct investment in joint ventures/wholly owned subsidiaries subject to the existing guidelines on Indian Direct Investment in joint ventures/wholly owned subsidiaries abroad. Further utilization of external commercial borrowing proceeds is not permitted for lending, capital market investments or acquisitions in India or real estate investments.

The RBI 'Master Circular on Risk Management and Interbank Dealings', dated July 2, 2012, states that all categories of overseas foreign currency borrowings of AD Category I banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 50.00% of their unimpaired Tier I capital or U.S.$ 10 million (or its equivalent), whichever is higher. Overseas borrowings for the purpose of financing export credit, capital funds raised/augmented by the issue of innovative perpetual debt instruments and debt capital instruments in foreign currency, subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital and any other overseas borrowings with the specific approval of the RBI would continue to be outside the limit of 50.00%.

Directed Lending

Priority Sector Lending

The RBI circulars on Priority Sector Lending- Targets and Classification dated July 20, 2012 and October 17, 2012 set out the broad policy in relation to priority sector lending. In accordance with this master circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro and small enterprises ("**MSEs**"); (iii) education; and (iv) housing. While export credit is no longer a separate category under this circular, export credit for eligible activities under agriculture and MSE will be reckoned for priority sector lending under respective categories. Under the RBI guidelines, the priority sector lending targets are linked to adjusted net bank credit (net bank credit plus investments made by banks in non-statutory liquidity bonds included in the held to maturity category and not taking in account the recapitalisation bonds floated by the Government) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on March 31 of the previous year.

Export credit

As per the Master Circular on Export Credit issued on July 2, 2012 banks can offer export credit at interest rates at or above the Base Rate. Pre-shipment and post-shipment export credit can be provided in both Indian Rupees and foreign currencies. Banks are required to reach a level of outstanding export credit equivalent of 12.00% of each bank's adjusted net bank credit.

Banks' Investment Classification and Valuation Norms

The key features of the RBI guidelines on categorization and valuation of a banks' investment portfolio are given below.

- The entire investment portfolio is required to be classified under three categories: (a) held to maturity, (b) held for trading and (c) available for sale. Held to maturity includes securities acquired with the intention of being held up to maturity; held for trading includes securities acquired with the intention of being traded to take advantage of the short-term price/interest rate movements; and available for sale includes securities not included in held to maturity and held for trading. Banks should decide the category of investment at the time of acquisition.

- Held to Maturity includes, the securities acquired by the banks with the intention to hold them up to maturity. Banks are allowed to include investments included under HTM category upto a specified per cent of their total investments. Further Banks may hold Non-SLR securities included under HTM as on September 2, 2004, fresh re-capitalisation bonds received from the Government of India towards their re-capitalisation requirement and held in Investment portfolio, fresh investment in the equity of subsidiaries and joint ventures, RIDF/SIDBI/RHDF deposits and Investment in long-term bonds (with a minimum residual maturity of seven years) issued by companies engaged in infrastructure activities.

  Profit on the sale of investments in the held to maturity category, net of tax and statutory reserve, is appropriated to the capital reserve account after being taken in the income statement. Loss on any sale is recognized in the income statement.

- The market price of the security available from the stock exchange, the price of securities in subsidiary general ledger transactions, the RBI price list or prices declared by Primary Dealers Association of India jointly with the Fixed Income Money Market and Derivatives Association of India serves as the "market value" for investments in available for sale and held for trading securities.

- Profit or loss on the sale of investments in both held for trading and available for sale categories is taken in the income statement.

In September 2004, the RBI announced that it would set up an internal group to review the investment classification guidelines to align them with international practices and the current state of risk management practices in India, taking into account the unique requirement applicable to banks in India of maintenance of a statutory liquidity ratio equal to 25.00% of their demand and time liabilities. This was later revised to 24.00% through RBI Circular No. DBOD No. Ret. BC. 92 /12.02.001/2010-11 dated May 9, 2011. The RBI has permitted banks to exceed the limit of 24.00% of investments for the held to maturity category provided the excess comprises only statutory liquidity ratio investments and the aggregate of such investments in the held to maturity category do not exceed 24.00% of the demand and time liabilities. The RBI permitted banks to transfer additional securities to the held to maturity category as a one time measure, in addition to the transfer permitted under the earlier guidelines. The transfer had to be done at the lower of acquisition cost, book value or market value on the date of transfer and the depreciation needed to be fully provided for. As per Circular dated August 18, 2010, excepting the one-time transfer permitted, if the value of sales and transfers of securities to/from Held To Maturity ("**HTM**") category exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year, bank should disclose the market value of the investments held in the HTM category and indicate the excess of book value over market value for which provision is not made. This disclosure is required to be made in 'Notes to Accounts' in banks' audited annual financial statements.

Held to maturity securities are not marked to market and are carried at acquisition cost or at an amortized cost if acquired at a premium over the face value.

Available for sale and held for trading securities are valued at market or fair value as at the balance sheet date. Depreciation or appreciation for each basket within the available for sale and held for trading categories is aggregated. Net appreciation in each basket, if any, which is not realized, is ignored, while net depreciation is provided for.

Short-selling of Government securities

Banks and primary dealers are allowed to undertake short sale of Government dated securities, subject to the short position being covered within a maximum period of three months, including the day of trade. Further, such short positions shall be covered only by outright purchase of an equivalent amount of the same security or through a long position in the When Issued (WI) market or allotment in primary auction.

Capital Adequacy Requirements

We are subject to the capital adequacy requirements of the RBI, which, based on the guidelines of the Basel Committee on Banking Regulations and Supervisory Practices, 1998, currently require us to maintain a minimum ratio of capital to risk-weighted assets of nine per cent, to cover for 'Pillar 1' risks including, credit risk, market risk and operational risk. Fiscal year 2008 onwards (and fiscal year 2009 for banks that do not have presence outside India), banks in India are subject to capital adequacy requirements under the preliminary approaches under Basel II which provides for standardized approach for credit risk, standardized duration approach for market risk and basic indicator approach for operational risk.

Under Basel II framework, the total capital of a banking company is classified into Tier I and Tier II capital. Tier I capital, the core capital, provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital, reserves consisting of any statutory reserves and innovative perpetual debt instruments issued in compliance with extant regulations issued by the RBI for inclusion in Tier I capital as reduced by equity investments in subsidiaries, intangible assets (including deferred tax assets) and losses in the current period and those brought forward from the previous period.

Under Basel II framework, Tier II capital includes provision for standard assets, revaluation reserves, hybrid debt capital instruments (which combine certain features of both equity and debt securities and are able to support losses on an ongoing basis without triggering liquidation), and subordinated debt. Subordinated debt is subject to progressive discounts each year for inclusion in Tier II capital and total subordinated debt considered as Tier II capital cannot exceed 50.00% of Tier I capital. Tier II capital cannot exceed Tier I capital.

In January 2006, the RBI has issued guidelines permitting banks to issue perpetual debt with a call option which may be exercised after not less than 10 years, with its prior approval, for inclusion in Tier I capital up to a

maximum of 15.00% of total Tier I capital as on March 31 of the previous financial year. The RBI also permitted banks to issue debt instruments with a minimum maturity of 15 years and a call option after not less than 10 years, to be exercised with its prior approval, for inclusion in Tier II capital. In July 2006, the RBI issued guidelines permitting the issuance of Tier I and Tier II debt instruments denominated in foreign currencies. In October 2007, the RBI issued guidelines for issuance of certain type of preference shares as part of the regulatory capital.

In May 2012, the RBI issued guidelines on implementation of the Basel III capital regulations. Basel III guidelines came into effect from April 1, 2013, and are proposed to be implemented in a phased manner. Basel III capital regulations would be fully implemented by March 31, 2018. Basel III capital regulations propose an increase in the minimum ratio of capital to risk-weighted assets from 9.00% to 11.50% in a phased manner due to introduction of a new component called 'Capital Conservation Buffer' of 2.50% of risk-weighted assets which is to be maintained in the form of common equity. The overall common equity component within the statutory minimum has also been increased from 3.60% of risk-weighted assets under Basel II to 8.00% of risk-weighted assets to be achieved at the end of the transition period. Banks are required to maintain an additional component called 'Countercyclical Capital Buffer' of up to 2.50% of risk-weighted assets in the form of common equity, the guidelines however, in this regard have not yet been released by the RBI.

Further, stricter definitions focusing on enhanced loss absorption have been set for eligibility of non-equity capital instruments for reckoning as capital funds. Additional Tier 1 non-equity capital instruments, under Basel III are expected to provide additional features such as full coupon discretion and principal loss absorption when the common equity ratio of a bank falls below 6.12% of its risk-weighted assets. In the case of Tier II non-equity capital instruments, the distinction between Upper Tier II and Lower Tier II instruments under Basel II is removed and a single class of Tier II instrument eligibility criteria has been prescribed. The notable change from erstwhile Lower Tier II eligibility criteria is the inclusion of loss absorption features in the event of occurrence of the 'Point of Non-Viability' ("**PONV**") trigger. Non-equity capital instruments raised prior to the introduction of Basel III (and therefore not meeting the eligibility criteria under Basel III) will be phased out beginning April 1, 2013. The RBI further, fixing the base at the nominal amount of such instruments, outstanding on January 1, 2013, their recognition will be capped at 90% from April 1, 2013, with the cap reducing by 10 percentage points in each subsequent year.

Further, maximum limits have been set for reckoning non-equity components in capital funds as a proportion of the available common equity. Basel III capital regulations also require additional capital charge in the area of counterparty credit risk for 'Credit Valuation Adjustment' ("**CVA**"). This requirement is to become applicable from January 1, 2014 onwards as per the RBI circular dated 28 March 2013.

Liquidity coverage ratio

The Basel III framework on 'Liquidity Standards' includes 'Liquidity Coverage Ratio' ("**LCR**"), 'Net Stable Funding Ratio' ("**NSFR**") and liquidity risk monitoring tools. The RBI had issued draft guidelines on Liquidity Risk Management and Basel III framework on 'Liquidity Standards' in February 2012. After taking into account the feedback received from stakeholders, the guidelines on liquidity risk management were issued in November 2012. These included enhanced guidance on liquidity risk governance, and measurement, monitoring and reporting to the RBI on liquidity positions. The Basel III liquidity standards were subject to an observation period/revision by the 'Basel Committee' with a view to addressing any unintended consequences that the standards may have for financial markets, credit extension and economic growth. The RBI indicated in the guidelines on liquidity risk management issued in November 2012 that the guidelines on Basel III liquidity standards will be issued once the 'Basel Committee' finalizes the relevant framework. The 'Basel Committee' that issued Basel III in January 2013 is in the process of finalizing the NSFR and disclosure requirements. The LCR is proposed to be implemented from January 1, 2015 and the NSFR from January 1, 2018. The RBI will issue the final guidelines on Basel III liquidity standards and liquidity risk monitoring tools, taking into account the revisions by the 'Basel Committee'.

Interest rates on Rupee deposits held in domestic, NRO and NRE accounts

As per the master circular on 'Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident ("**NRO**") and Non-Resident (External) ("**NRE**") Accounts', dated July 2, 2012 the RBI has permitted banks to independently determine their interest rates on savings and term deposits (with minimum period of 7 days) under domestic/ NRO accounts. Banks are also free to determine interest rates for savings deposits and term deposits of maturity of one year and above under NRE deposit accounts. However, interest rates offered by

banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee deposits.

With respect to savings and time deposits accepted from resident employees and senior citizens, the Bank is permitted by the RBI to pay an additional interest, which must not exceed 1.00% in case of accounts of employees over the interest payable on deposits from the public.

With a view to increasing the availability of financial services across regions and population segments, in August 2012, the RBI has advised banks to make available a 'Basic Savings Bank Deposit Account' account requiring no minimum balances and charges that would make these accounts accessible to low-income segments of the population.

Knowing the Customer and Anti-Money Laundering

The RBI issued a notification dated November 29, 2004 prescribing guidelines for Know Your Customer and anti money laundering procedures. Banks are required to have a customer acceptance policy laying down explicit criteria for acceptance of customers and defining risk parameters. A profile of the customers should be prepared based on risk categorization. Banks have been advised to apply enhanced due diligence for high-risk customers. The guidelines provide that banks should undertake customer identification procedures while establishing a banking relationship or carrying out a financial transaction or when the bank has a doubt about the authenticity or the adequacy of the previously obtained customer identification data. Banks need to obtain sufficient information necessary to establish the identity of each new customer and the purpose of the intended banking relationship. The guidelines also provide that banks should monitor transactions depending on the account's risk sensitivity. In February 2006, the RBI issued guidelines on the obligations of banks under the Prevention of Money Laundering Act, 2002. The RBI also issued anti money laundering guidelines to other entities such as non-bank finance companies and authorized money changers.

In August 2005, the RBI has simplified the KYC procedure for opening accounts for those persons who intend to keep balances not exceeding ` 0.05 million in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed ` 0.10 million in a year in order to ensure that the implementation of the KYC guidelines do not result in the denial of the banking services to those who are financially or socially disadvantaged.

The Government of India had enacted the 'Prevention of Money Laundering Act in 2002'. Effective July 1, 2005, the provisions of this Act have come into force. The act extends its provisions to banks and seeks to prevent money laundering besides providing for confiscation of property derived from, or involved in, money laundering.

The RBI under the 'KYC Guidelines' and 'Anti Money Laundering Standards' on July 1, 2010 provided that all banks, before opening any new account, need to ensure that the name of the existing customer or proposed customer, does not appear in the list of entities and individuals made available by the 'Security Council Committee' established pursuant to United Nations Security Council Resolution No. 1267 (1999). Banks are further required to scan all existing accounts to ensure that no account is held by or linked to any of such entities or individuals.

The RBI on June 8, 2012, proposed to set up a centralised "KYC Registry" for customers of all the banks and financial institutions by initiating steps to allocate unique identification code ("**UCIC**") to all the new customers to begin with and to all the existing individual customers by the end of May 2013. The RBI intends to ensure that the customers do not have multiple identities within a bank, across the banking system and across the financial system. Further, in view the constraints sighted by various banks, RBI *vide* its circular dated June 4, 2013, extended the time for completing the process of allotting UCIC to existing customers up to March 31, 2014. The RBI reiterated that UCIC shall be allotted to all new customers with immediate effect.

The RBI issued a master circular on July 4, 2012 prescribing the guidelines for KYC and anti-money laundering procedures. With effect from April 1, 2012, banks are not permitted to make payment of cheques/drafts/pay orders/banker's cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument. Further, banks are required to frame their KYC policies incorporating (i) customer acceptance policy, (ii) customer identification procedures (iii) monitoring of transactions and (iv) risk management.

Restrictions on Payment of Dividends

In May 2005, the RBI issued guidelines stating that a bank may declare dividends only if all of the following conditions are met:

- Capital to Risk Weighted Asset Ratio is at least nine per cent for the preceding two completed years together with the accounting year for which a bank proposes to declare a dividend;
- Net non-performing asset ratio is less than seven per cent;
- It is in compliance with the prevailing regulations and guidelines issued by the RBI, including the creation of adequate provision for the impairment of assets, staff retirement benefits, transfer of profits to statutory reserves;
- The proposed dividend will be paid out of the current year's profit; and
- Compliance with Sections 15 and 17 of the Banking Regulation Act that require banks to completely write off capitalized expenses (including preliminary expenses, organization expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) and every banking company is required to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 20.00% of such profit to the reserve fund before declaring any dividend.

In case a bank does not meet the capital adequacy norms for two consecutive years, but have a capital to risk-weighted asset ratio of at least nine per cent for the accounting year for which the bank propose to declare a dividend, such bank would be eligible to do so if the net non-performing asset ratio is less than five per cent.

Banks that are eligible to declare dividends under the above rules can do so subject to the following:

- The dividend payout ratio (calculated as a percentage of dividend payable in a year to net profit during the year) must not exceed 40.00%. The maximum permissible dividend payout ratio would vary from bank to bank, depending on the capital adequacy ratio in each of the last three years and the net non-performing asset ratio;
- In case the profit for the relevant period includes any extraordinary income, the payout ratio must be calculated after excluding that income for compliance with the prudential payout ratio;
- The RBI should not have placed any explicit restrictions on the bank for declaration of dividends; and
- The financial statements pertaining to the financial year for which the bank is declaring a dividend should be free of any qualification by the statutory auditors, which might have an adverse effect on the profit during that year. In case there are any such qualifications, the net profit should be suitably adjusted while computing the dividend payout ratio.

Mergers of Private Sector Banks and Banks and Non-banking Finance Companies

In May 2005, the RBI issued guidelines to facilitate mergers between private sector banks and between banks and non-banking finance companies. The guidelines particularly emphasize the examination of the rationale for amalgamation, the systemic benefits arising from it and the advantages accruing to the merged entity. With respect to a merger between two private sector banks, the guidelines require the draft scheme of amalgamation to be approved by the shareholders of both banks with a two-thirds majority after approval by the boards of directors of the two banks concerned. The draft scheme should also consider the impact of amalgamation on the valuation, profitability and capital adequacy ratio of the amalgamating bank and verify that the reconstituted board conforms to the RBI norms. The approved scheme needs to be submitted to the RBI for sanction in accordance with the Banking Regulation Act, along with other documentation such as the draft document of proposed merger, copies of all relevant notices and certificates, swap ratio, share prices, etc. With respect to a merger of a bank and a non-banking company, the guidelines specify that the non-banking finance company has to comply with Know Your Customer norms for all accounts and all relevant norms issued by the RBI and the Securities and Exchange Board of India. Banks/non-banking finance companies should also conform to insider trading norms issued by SEBI, whether they are listed or not, in order to regulate the promoters' trading of shares before and after the amalgamation discussion period. Where a NBFC is proposed to be amalgamated into a banking company, the banking company should obtain the approval of the board and the RBI before it is submitted to the relevant high court for approval.

Pursuant to a notification dated January 8, 2013 issued by the Ministry of Corporate Affairs, loss making banks have been exempted from notifying mergers and acquisitions to the Competition Commission of India for a

period of 5 years. Prior to this notification, banks were required to notify the Competition Commission of India of all mergers and acquisitions under Sections 5 and 6 of the Competition Act, 2002.

Credit Information Bureaus

The Credit Information Companies (Regulation) Act, 2005, requires that every credit institution, including a bank, has to become a member of a credit information bureau and furnish to it such credit information as may be required of the credit institution by the credit information bureau about persons who enjoy a credit relationship with it. Other credit institutions, credit information bureaus and such other persons as the RBI specifies may access such disclosed credit information. The Credit Information Companies (Regulation) Act, 2005 also provides for restrictions regarding disclosure of such credit information and penalties for default of such restrictions.

Deposit Insurance

Demand and time deposits accepted by Indian banks have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a semi-annual basis. The cost of the insurance premium cannot be passed on to the customer.

Reserve Requirements

Cash Reserve Ratio

A bank is required to maintain a specified percentage of its net demand and time liabilities, excluding inter-bank deposits, by way of cash reserve with itself and by way of balance in current account with the RBI. Following the enactment of the RBI (Amendment) Bill 2006, the floor and ceiling rates (earlier 3.00% and 20.00% respectively) on the cash reserve ratio were removed.

The following liabilities are excluded from the calculation of the demand and time liabilities to determine the cash reserve ratio:

- Paid up capital, reserves, any credit balance in the profit and loss account of the bank, amount availed of as refinance from the RBI, and apex financial institutions like NABARD, SIDBI, Export-Import Bank of India, National Housing Bank etc.;
- Amount of provision for income tax in excess of the actual/estimated liabilities;
- Amount received from Deposit Insurance and Credit Guarantee Corporation towards claims and held by banks pending adjustments thereof;
- Amount received from Export Credit Guarantee Corporation of India by invoking the guarantee;
- Amount received from insurance company on ad-hoc settlement of claims pending judgment of a court;
- Amount received from the court receiver; and
- The liabilities arising on account of utilization of limits under Bankers Acceptance Facility (BAF).

Further, effective April 13, 2007, the RBI does not pay any interest on cash reserve ratio balances. The current cash reserve ratio, effective from February 9, 2013 is four per cent.

The cash reserve ratio has to be maintained on an average basis for a fortnightly period and should not be below 70.00% of the required cash reserve ratio on any day of the fortnight. The RBI may impose penal interest at the rate of 3.00% above the bank rate on the amount by which the reserve falls short of the cash reserve ratio required to be maintained on a particular day and if the shortfall continues further the penal interest charged shall be increased to a rate of 5.00% above the bank rate in respect of each subsequent day during which the default continues.

Statutory Liquidity Ratio

In addition to the cash reserve ratio, a bank is required to maintain as a statutory liquidity ratio, a specified percentage of its net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, and it was fixed at a minimum of 25.00% and a maximum of 40.00% pursuant to Section 24 of the Banking Regulation Act. The Banking Regulation (Amendment) Act, 2007 has removed the minimum Statutory Liquidity Ratio

stipulation, thereby giving the RBI the freedom to fix the Statutory Liquidity Ratio below this level. At present, the RBI requires banks to maintain statutory liquidity ratio of 23.00%, with effect from August 11, 2012. Further, in December 2011, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the Marginal Standing Facility, against their excess statutory liquidity ratio holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated statutory liquidity ratio, up to 2.00% of their respective net demand and time liabilities outstanding at the end of the second preceding fortnight.

Special status of banks in India

The special status of banks is recognised under various statutes including the SICA, Recovery of Debts Due to Banks and Financial Institutions Act, 1993, and the SARFAESI Act. As a bank, we are entitled to certain benefits under the provisions of these legislations.

Corporate Governance

The Bank adheres to certain corporate governance requirements as prescribed by clause 49 of its listing agreements with the Stock Exchanges, including, ensuring the minimum number of independent directors on the Board, and composition of various committees such as audit committee and remuneration committee. We also adhere to recommendations of Dr. Ganguly Committee, including inter alia the eligibility criteria and "fit and proper" norms for nomination of directors, criteria for commonality of directors of banks and composition of Board.

The Banking Ombudsman Scheme

The Banking Ombudsman Scheme, 2006 was introduced with effect from January 1, 2006 and provides for an enlarged extent and scope of the authority and functions of the banking ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. In February 3, 2009, the said scheme was amended to provide for revised procedures for redressal of grievances by a complainant under the scheme.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, Banking Regulation Act and the listing agreement/s entered into with the Stock Exchanges.

Further, the Banking Regulation Act requires that at least 51% of the Bank's Directors have specialized knowledge or practical experience in one or more of the prescribed areas namely, accounting, finance, agriculture and rural economy, banking, co-operation, economics, law and small scale industry. In terms of the recommendations of Dr. Ganguly Group, seven more areas namely, marketing, technology and systems, risk management, strategic planning, treasury operations, credit recovery, human resources development are also added to this list. Out of these directors, at least two directors are required to have specialized knowledge and practical experience in agriculture and rural economy, co-operation or small scale industry. These directors must not have substantial interest in, or be connected with, whether as an employee, manager or managing agent, any company (not being a company registered under Section 25 of the Companies Act) or firm which carries on any trade, commerce or industry which is not a small scale industrial concern, or be proprietors of any trading, commercial or industrial concern which is not a small scale industrial concern. As of the date of this Placement Document, 10 out of 11 Directors as against the requirement of seven possess the prescribed special knowledge or practical experience and meet the conditionalities of the Banking Regulation Act. Out of 11, 4 Directors as against the requirement of two possess special knowledge or practical experience in the areas of agriculture and rural economy, co-operation or small scale industry.

The Board of Directors is responsible for the management of the Bank's business. The Articles of Association provide that the number of Directors shall not be less than three or more than 15. The Board currently comprises of 11 Directors comprising of one executive Director, four non-executive and independent Directors and six non-executive and non-independent Directors.

The Articles of Association provides that at every Annual General Meeting of the Bank, one third of the Directors for the time being who are liable to retire by rotation, or if their number is not three or multiples of three, then the number nearest to one third shall retire from office. The Directors to retire are those who have been the longest in the office since their last appointment. A retiring director is eligible for re-appointment.

The Board of Directors are authorised by the Articles to appoint any person as an additional Director, but such a Director shall hold office only up to the date of the next AGM, but he shall be eligible for appointment as a director at that meeting in accordance with the provisions of the Companies Act. The Articles of Association, subject to the Companies Act, allow the Board of Directors to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held.

The quorum for meetings of the Board of Directors is one-third of the total number of directors (any fraction contained in that one-third being rounded off as one) or two directors, whichever is higher. However, where the number of interested Directors is equal to or exceeds two-thirds of total strength, the remaining number of Directors (i.e. Directors who are not interested) present at the meeting, being not less than two shall be the quorum during such time.

No potential conflicts of interest exist between the duties of any of the Bank's Directors or senior management to the Bank and their private interests or other duties. The following table sets out the composition of the Board of Directors as of the date of this Placement Document.

Name	Position	Age (years)
Arun Thiagarajan	Non-executive and independent Director and Part time Chairman	68
Lars Kramer	Non-executive and non-independent Director	45
Mark Edwin Newman	Non-executive and non-independent Director	46
Meleveetil Damodaran	Non-executive and non-independent Director	65
Peter Staal	Non-executive and non-independent Director	47
Richard Wainwright Cox	Non-executive and non-independent Director	44
Sanjeev Aga	Non-executive and independent Director	61
Santosh Ramesh Desai	Non-executive and independent Director	50
Shailendra Bhandari	Managing Director and Chief Executive Officer	54

Name	Position	Age (years)
Vaughn Nigel Richtor	Non-executive and non-independent Director	57
Vikram Talwar	Non-executive and independent Director	63

None of our Directors are related to each other.

The business address for our Board of Directors is ING Vysya House, No. 22, M.G. Road, Bengaluru 560 001.

Brief profile of our Directors

Arun Thiagarajan, aged 68 years, has been a Director of the Bank since January 30, 2003 and part time Chairman since August 9, 2010. He holds a Masters Degree in Engineering from the Royal Institute of Technology, Stockholm, Sweden. He holds a degree in Business Administration and Information Systems from Uppsala University, Sweden and has also attended the Advanced Management Programme of the Harvard Business School. He started his career at Asea AB Vasteras, Sweden. He has also worked with Flakt India Limited, Asea Brown Boveri Limited and Wipro Limited. He has been the President of Hewlett Packard India Private Limited. He has also served as the Chairman of the Southern Region and Karnataka State Committees of the Confederation of Indian Industry (CII). He has also been the Chairman of CII National Committee on Information Technology and Quality.

Lars Kramer, aged 45 years, was appointed as a director of the Bank on April 28, 2010. He is a Chartered Accountant and holds a Masters' Degree in Business Administration (Finance Stream) (INSEAD affiliated) from the Graduate School of Business (UCT). He holds a post graduate diploma in accounting from the University of Cape Town. He also holds a Bachelors' Degree in Accounting Sciences from the University of South Africa. Prior to joining ING Bank N.V., he worked for about 11 years in a number of companies including Coopers & Lybrand, Swiss Bank Corporation, Hambros Bank and Credit Suisse First Boston. He joined ING Bank N.V. in 1998 as Regional Head of Asian Equity Derivatives Product Control located in Hong Kong and has held various positions at ING Bank N.V. He is presently the Chief Financial Officer for ING's Commercial Banking Division with effect from May 2012. He was also a director of our Bank from October 2003 to May 2008.

Mark Edwin Newman, aged 46 years, was appointed as a Director of the Bank on April 20, 2011. He is a Chartered Accountant and has obtained Mathematics (Honours) degree from King's College London. He started his career at Deloitte Haskins and Sells before joining the ING group in 1992. He held a number of internal audit and risk management roles in London before moving to Asia in 1996. Since then, he has held a number of positions with the financial markets department of the ING group, including that of Head of Structured Products, Asia and Head of Financial Markets, Hong Kong, before being appointed as the Regional Head of Financial Markets Asia in 2005. He has spent over 16 years in Asia and is currently responsible for all trading and sales activities in the region.

Meleveetil Damodaran, aged 65 years, has been a Director of the Bank since July 21, 2008. He is a former Chairman of SEBI. He holds degrees in Economics and Law from the Universities of Madras and Delhi respectively. He has retired from the Indian Administrative Service and has over 30 years of experience in financial services and public sector enterprises. Apart from being the Joint Secretary to the Government of India, he has held various positions in the Ministry of Finance, the Ministry of Information and Broadcasting and in the Ministry of Commerce. He has also served as the Chairman and Managing Director of Industrial Development Bank of India and as the Chairman of the Unit Trust of India. For his contribution, he has been awarded numerous awards including, the "ET Policy Change Agent of the Year" Award and Rotary Award for Professional Excellence. Subsequent to his retirement from SEBI, he is an independent consultant in diverse areas of management.

Peter Staal, aged 47 years, was appointed as a director of the Bank on January 21, 2010. He holds a Master's Degree in Business Administration (Economics and Finance) from the University of Tilburg. He has more than 20 years of experience in the banking industry. He has held senior positions in ING Barings including that of the 'Head of Power Finance, Director' and 'Global Head of Credit Risk Restructuring'. He was also a director of our Bank from October 2003 to September 2005. Peter Staal is Country CEO of ING Bank in Spain, leading Retail and Wholesale banking business in the country.

Richard Cox, aged 44 years, is the Head, Credit Risk Management at ING (Asia region), Singapore and is a Director of the Bank since July 13, 2006. He is a fellow member of the Institute of Chartered Accountants in

England and Wales. He holds a Masters Degree in English Language and Literature from Oxford University. Prior to joining ING group, he had worked with KPMG for six years in different capacities in UK and Asia.

Sanjeev Aga, aged 61 years, is currently a non-executive, Independent Director of the Bank. He holds a post graduate degree from the Indian Institute of Management, Kolkata (1973). He graduated in Physics from St. Stephen's College, Delhi (1971). He has served as Chief Executive of the Mattel Toys and as Managing Director of Blow Plast. He has also served as Managing Director of Aditya Birla Nuvo, Idea Cellular and Chief Executive Officer of Birla Tata At&T which was later named Idea Cellular. Forbes India magazine short-listed him among Indian categories, for the 'Person of the Year, 2010' award.

Santosh Ramesh Desai, aged 50 years, is currently the Managing Director and CEO of Future Brands Limited. He has been a Director of our Bank since April 29, 2008. He holds a degree in Economics from Vadodara University and obtained his post-graduation degree in Business Administration from the Indian Institute of Management, Ahmedabad. He spent 21 years in advertising and has been strategically involved in building key brands for a range of local and multinational clients. Previously, he was the President of McCann-Erickson from December 2002 to February 2007.

Shailendra Bhandari, aged 54 years, is the Managing Director and Chief Executive Officer of the Bank with effect from August 6, 2009. He holds a Masters Degree in Business Administration from the Indian Institute of Management, Ahmedabad and a Bachelors Degree in Economics from St. Stephen's College, Delhi University. He has over 29 years of experience in financial services and has worked with Citibank for 13 years. He has also served as the Treasurer and Executive Director of HDFC Bank and as a member of the Managing Committee of the Associated Chambers of Commerce, Bombay Chambers of Commerce and Industry and the Indian Banks' Association. He has also served as the Managing Director and Chief Executive Officer of Prudential ICICI Asset Management Company and the Centurion Bank of Punjab. Prior to joining the Bank, Bhandari was the Head of Private Equity at Tata Capital Limited.

Vaughn Nigel Richtor, aged 57 years, is CEO of ING Direct Australia , since August 1, 2012. Earlier based in Singapore, Vaughn Richtor has direct oversight of ING's three strategic investment stakes in ING Vysya Bank in India, Bank of Beijing in China and TMB Bank in Thailand. An ING banker for over 20 years, Vaughn Richtor has assumed numerous roles in various geographical locations, a recent one being Managing Director and CEO of the Bank where he spent three years and two months working on the successful turnaround of the Bank from 2006. He relinquished his office as the Managing Director and CEO of the Bank on April 6, 2009 and was subsequently appointed as Director of the Bank effective June 1, 2009. He joined ING in 1991 as Head of Corporate Banking of ING Bank in the UK. Prior to joining ING, Vaughn Richtor spent five years at ABN Bank/AMRO in the UK, and held stints in his earlier career at the Sedgwick Group, Rank Xerox and SKF (UK). Vaughn Richtor holds an Honours Degree in Arts, a Bachelors Degree in Business Studies and a Diploma in Corporate Finance from London Business School.

Vikram Talwar, aged 63 years, was appointed as a Director of the Bank on December 20, 2010. He holds a Bachelors Degree in Science from the St. Stephens College, Delhi University, and holds a Masters Degree in Business Administration from the Indian Institute of Management, Ahmadabad. During his career of 26 years with the Bank of America in San Francisco, he held several senior management positions in over nine countries in Asia. In 1999, he founded Excel Service Holding Inc., a leading global business process outsourcing company in the United States of America. He was the Chief Executive Officer of this company until May 2008 when he was elevated to the position of the Executive Chairman of the board of directors of this company. He was assigned as the CEO and Managing Director at Ernst & Young Consulting (now Capgemini), India and was also their Asia Director for its Global Operate Business (Outsourcing) till 1999.

In accordance with the "Fit and Proper" criteria prescribed by the RBI, the Bank is required to undertake due diligence before the appointment or reappointment of Directors with regard to their suitability for the post in terms of qualifications, technical expertise, track record and integrity. None of the Bank's directors have been convicted in relation to fraudulent offences for the previous five years and none of the companies with which the Bank's directors have been associated have experienced any bankruptcies, receiverships or liquidations for the previous five years. None of our directors have been prosecuted by any statutory or regulatory authorities (including designated professional bodies), nor have been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for the previous five years.

Remuneration Details of Directors

Pursuant to a resolution of our shareholders, Shailendra Bhandari was re-appointed as the Managing Director and Chief Executive Officer of the Bank with effect from August 6, 2012 for a period of three years. He is currently paid an annual basic salary of Rs. 8.97 million on the basis of the earlier approval of Reserve Bank of India. Revised terms and conditions of his remuneration for the re-appointed duration are being examined considered by Reserve Bank of India.

In addition to the above, he is entitled to various perquisites including leased furnished accommodation, use of the Bank's car and driver for official purposes, use of a second leased car for personal purposes, reimbursement of driver's salary, gratuity, provident fund, travelling and halting allowances, medical benefits, performance based bonus, communication facilities and free provision of gas, electricity and water.

No other Director except the MD & CEO and the part-time Chairman are eligible for any remuneration apart from sitting fees and reimbursement of out of pocket expenses for attending Board/Committee meetings.

Sitting fee of Directors

All the Non-Executive Independent Directors and one Non-Independent Directors who are not on the rolls of ING group are paid a sitting fee of Rs. 0.02 million per board meeting/committee meeting attended during Fiscal 2013. Details of the sitting fees paid during Fiscal 2013 to the Directors of our Bank are as follows:

Name of Director	Total Sitting Fees (Rs. in million)
Arun Thiagarajan, Part time Chairman	0.56
Shailendra Bhandari, MD and CEO	NIL
Richard Wainwright Cox	NIL
Aditya Krishnan	0.38
Santosh Ramesh Desai	0.22
Meleveetil Damodaran	0.18
Vaughn Nigel Richtor	NIL
Lars Kramer	NIL
Peter Staal	NIL
Vikram Talwar	0.12
Mark Edwin Newman	NIL
Sanjeev Aga	0.04
Total	**1.50**

Directors' Interest

As per the Articles of Association of the Bank, the Directors are not required to hold any qualification shares of the Bank. Except the following Directors none of our Directors hold any equity shares in the Bank:

1. Shailendra Bhandari holds 5,000 Equity Shares;
2. Arun Thiagarajan holds 18,080 Equity Shares; and
3. Santosh Ramesh Desai holds 550 Equity Shares.

In terms of RBI's approval dated 29 August 2012, Mr. Shailendra Bhandari was paid cash bonus of Rs. 2.24 million for the year 2011-12 and granted 1,15,000 Stock Options effective 23 May 2012 under Employee Stock Option Scheme, 2010. The said options have not been vested during the year.

Out of the 700,000 Stock Options granted under the Employee Stock option Scheme 2010 for the year 2009-10, 70% (4,90,000 Stock Options) have been vested, out of which 48,000 options have been exercised. Out of the 1,28,000 Stock Options granted under the Employee Stock Option Scheme 2010 for the year 2010-11, 40% (51,200 Stock Options) have been vested and exercised.

Corporate Governance

The Bank's corporate governance policies recognize the accountability of the Board and the importance of transparency to all its constituents, including employees, customers, investors and the regulatory authorities and of demonstrating that the shareholders are the ultimate beneficiaries of the Bank's economic activities.

Corporate governance is administered through our Board and the committees of the Board, particularly, the Audit Committee of the Board, the Corporate Governance Committee (which also acts as Nomination Committee) and the Shareholders'/ Investors' Committee. However, primary responsibility for upholding standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions rests with our Board.

The Bank is in compliance with Clause 49 of the Listing Agreement relating to corporate governance.

A brief description of the Audit Committee of the Board, the Corporate Governance Committee and the Shareholders'/ Investors' Committee is set forth below:

a) Audit Committee

The members of the Audit Committee of the Board are:

1. Sanjeev Aga, Chairman;
2. Arun Thiagarajan;
3. Vaughn Richtor;
4. Lars Kramer; and
5. Vikram Talwar.

The terms of reference of the audit committee include the matters specified under Clause 49 of the listing agreement, RBI requirements as well as the relevant provisions of the Companies Act.

b) Corporate Governance Committee (which also acts as Nomination Committee)

The members of the Corporate Governance Committee of our Board are:

1. Peter Staal, Chairman;
2. Arun Thiagarajan;
3. Vaughn Richtor;
4. Santosh Desai; and
5. Sanjeev Aga

The Corporate Governance Committee has been constituted *inter alia*, to introduce, implement and review the corporate governance practices at all levels in our Bank, induct and sustain a pro-active governance framework at all levels, ensure compliance with Section 10A of the Banking Regulation Act, 1949 and Clause 49 of the Listing Agreement and ensure that interests of all the stakeholders, viz. the shareholders, customers, employees and the community/ society is served.

The committee also acts as the 'Nomination Committee' for determining the suitability of appointment/reappointment of Directors other than those who are members of the Nomination Committee in accordance with RBI guidelines on 'fit and proper' criteria and also for recommending the appointment of non-executive and independent Directors to the Board of Directors.

c) Shareholders'/ Investors' Grievance Committee

The members of the Shareholders'/Investors' Grievance Committee of our Board are:

1. Arun Thiagarajan, Chairman;
2. Shailendra Bhandari;
3. Peter Staal; and
4. Mark Newman.

The Shareholders'/ Investors' Committee has been constituted in terms of mandatory requirement of Clause 49 of the Listing Agreement, to look into the redressal of grievances of shareholders/investors like non-transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends. The committee also addresses investor relations, share transfer (to the extent not delegated to officials) and monitors servicing of investor requirements.

Other committees

In addition, our Board has constituted Risk Management and Review Committee, Special Committee for Monitoring Frauds, Customer Service Committee, Remuneration Committee (which also acts as the Compensation Committee pursuant to SEBI ESOS Guidelines), Information Technology Strategy Committee and Board Credit Committee.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Regulation 12 (1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 applies to our Directors and designated employees and requires us to implement a code of internal procedures and conduct for the prevention of insider trading. We have implemented an employee code of conduct policy in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

Senior Management

Our operations are overseen by a professional management team. Our senior management team has the requisite experience and the qualification for their respective responsibilities. In addition to our Board of Directors as set forth above, the following are our Senior Management personnel:

Jayant Mehrotra (Chief Financial Officer), aged 51 years, holds a Bachelors Degree in Commerce (Honours) from St. Xavier's College, Calcutta University. He is a Chartered Accountant and is a Member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He joined us on May 9, 2006. Prior to joining us, he worked with IDBI Bank Limited as Chief Financial Officer.

Janak Desai (Country Head, Wholesale Banking), aged 48 years, holds a Bachelors Degree in commerce from the University of Mumbai and holds a Masters Degree in Management Studies from the University of Mumbai. He joined us on November 2, 2005. Prior to joining us, he was working with IDBI Bank Limited, Mumbai. He has over 20 years of experience in the banking business.

Prasad J.M. (Chief, Human Resources), aged 52 years, holds a Bachelors Degree in commerce from R.A. Podar College, Mumbai. He also holds a Diploma in Public Relations from St. Xavier Institute of Communication, Mumbai and a Masters Degree in Business Administration from XLRI, Jamshedpur. He joined us on March 8, 2004. Prior to joining us, he worked in i2 Technology Software Private Limited, Bangalore. He has over nine years of experience in the banking business.

Ashok Rao B. (Chief Auditor), aged 56 years, holds a Bachelors Degree in Science from Bangalore University and is a member of the Institute of Chartered Accountants of India. He joined us on April 30, 2002. Prior to joining us, he was working in Ali Redha Trading Company, Muscat. He has over 16 years of experience in the banking business. He is also the managing Director and chief executive officer of IVFSL.

A. Meenakshi (Head-Operations), aged 54 years, holds a Masters' Degree in Commerce from the Bangalore University and is a CAIIB (Certified Associate of the Indian Institute of Bankers). She joined us on February 1, 2008 as the head of 'Retail Liabilities and Investment Operations'. Prior to joining us, she worked with HDFC Bank and ICICI Bank (where she headed the southern zone for operations). She has over 32 years of experience in the banking business.

Susan Poot (Chief Risk Officer and Chief Compliance Officer**)**, aged 43 years joined the Bank in July-2012. She has over 19 years of banking experience in various risk management, commercial and senior management functions. She has served as Managing Director, Global Counterparty Risk Management with the Bank. She has a post graduate degree in Economics from the University of Amsterdam. She has followed an Executive Management Program at INSEAD, Fontainebleau and is a certified Neuro Linguistic Programming (NLP) coach.

Brett Morgan (Head- Branch Banking, Marketing and Private Clients), aged 40 years, holds a graduate degree in Economics and a post graduate degree in Master of Applied Finance, from Macquarie University, Sydney. He has over 20 years of experience in the field of Banking.

Mahesh Dayani (Country Head – Retail Assets), aged 39 years holds a post graduate degree in PGDFM & CFA. He has over 14 years of experience in Banking. He started his career as Management Trainee with ICICI Bank and worked across functions in wholesale Banking. Prior to working with the Bank, he worked for HDFC Bank Limited where he was instrumental in starting Business Banking (SME).

Interests of our Senior Management

Our Senior Management personnel do not have any interest in our Bank other than to the extent of the remuneration or benefits to which they are entitled to, as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, and to the extent of their shareholding, if any, in our Bank. Further, they are entitled to such options as are vested in them pursuant to the employee stock options granted to them by us from time to time.

The following table sets out the details of options granted under ESOS to our Senior Management in Fiscal 2013:

Sl. No.	Name	ESOS Granted
1.	Mr. B. Ashok Rao	40,000
2.	Mr. Janak Desai	55,000
3.	Ms. Susan Poot (Joined on 2nd July,2012)	Nil
4.	Mr. Jan Van Wellen (Closure of contract on 31st July 2012)	Nil
5.	Mr. Jayant Mehrotra	65,000
6.	Mr. Brett Morgan (Joined on 12th November,2012)	Nil
7.	Mr. Manjunatha M S R (Retired from the services of the Bank on 5th January,2013)	Nil
8.	Ms. Meenakshi A	45,000
9.	Mr. Prasad C V G	25,000
10.	Mr. Prasad J M	45,000
11.	Mr. Mahesh Dayani (Became part of the Senior Management Personnel with effect from 29th November, 2012)	80,000
12.	Mr. Samir Bimal (Resigned from services of the Bank on 25th September 2012)	40,000
13.	Mr. Shailendra Bhandari	115,000
14.	Mr. Uday Sareen (Transferred to the role of ING DiBa Germany on 3rd December,2012)	80,000
15.	Mr. M V S Appa Rao	12,000

Litigation Statement about Management

At the date of this Placement Document, for at least the previous five years, none of the members of the Board of Directors, the Audit Committee, the Senior Management team or any of the other committees listed above:

- has had any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior executive officer or a member of the administrative, management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

ORGANISATIONAL STRUCTURE AND PRINCIPAL SHAREHOLDERS

Our Bank was originally incorporated as "The Vysya Bank Limited" on March 29, 1930 with limited liability under the Mysore Companies Regulation, 1917 and received a certificate of commencement of business on July 24, 1930. The Vysya Bank Limited received its license to carry on the banking business in India under the Banking Regulation Act, 1949, from the Reserve Bank of India on June 6, 1958. The name of our Bank was changed to "ING Vysya Bank Limited" and a fresh certificate of incorporation consequent to the change was granted on November 1, 2002 and subsequently the license to carry on the banking business was amended by RBI to reflect the new name. We are a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

ING Vysya Financial Services Limited is a wholly owned subsidiary of the Bank.

The registered office of our Bank upon incorporation was at No. 489, Avenue Road, Bangalore 560 002. Subsequently, the registered office of our Bank was shifted to No. 72, St. Marks Road, Bangalore 560 001 and to its current location at ING Vysya House, No. 22, M.G. Road, Bangalore 560 001 on August 20, 2003.

The Equity Shares were first listed on the NSE and the BSE on May 1, 1996 and June 17, 1996 respectively.

1. The following table presents information regarding the ownership of the Equity Shares as of June 14, 2013:

Category code	Category of shareholder	Number of share-holders	Number of shares	No. of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/ (IV) 100
(A)	**Promoters and Promoter Group**							
(1)	**Indian**							
(a)	Individual /HUF	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others (Specify)	-	-	-	-	-	-	-
	Sub-Total A(1) :	-	-	-	-	-	-	-
(2)	**Foreign**							
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	2	657,04254	65,704,254	41.92	41.92	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Others (Specify)	-	-	-	-	-	-	-
	Sub-Total A(2) :	2	65,704,254	65,704,254	41.92	41.92	-	-
	Total A=A(1)+A(2)	2	65,704,254	65,704,254	41.92	41.92	-	-
(B)	**Public Shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds /UTI	118	17,308,032	17,307,382	11.05	11.05	-	-
(b)	Financial Institutions /Banks	11	1,525,658	1,524,594	0.97	0.97	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	138	48,291,157	48,290,557	30.81	30.81	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Others (Specify)	-	-	-	-	-	-	-
	Sub-Total B(1) :	267	67,124,847	67,122,533	42.83	42.83	-	-
(2)	**Non-Institutions**							
(a)	Bodies Corporate	840	7,643,139	7,633,411	4.88	4.88	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs. 0.10 million	29,765	91,30,742	77,11,585	5.82	5.82	-	-
	(ii) Individuals holding nominal share capital in excess of Rs. 0.10 million	131	4,448,714	4,201,695	2.84	2.84	-	-
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-
(d)	Others (Specify)							
	Trusts	5	1,767,589	1,767,589	1.13	1.13	-	-
	Foreign Nationals	1	1,000	1,000	0.00	0.00	-	-
	Clearing Members	87	296,460	296,460	0.19	0.19	-	-

	Non Resident Indians	350	608,588	608,588	0.39	0.39	-	-
	Any Other Total						-	-
	Sub-Total B(2):	31,179	23,896,232	22,220,328	15.25	15.25	-	-
	Total B = B(1)+B(2):	31,446	91,021,079	89,342,861	58.08	58.08	-	-
	Total (A+B):	31,448	156,725,333	155,047,115	100.00	100.00	-	-
(C)	Shares held by custodians, against which	-	-	-	-	-	-	-
	Depository Receipts have been issued	-	-	-	-	-	-	-
	Grand Total (A+B+C):	31,448	156,725,333	155,047,115	100.00	100.00	-	-

2. The shareholding of the category 'Promoters and Promoter Group', as of June 14, 2013 and the number of shares proposed to be allotted to the Promoters in the Preferential Allotment as approved by the shareholders of the Bank on June 25, 2013.

S. No	Name of the Shareholder	Total Equity Shares held		Number of Equity Shares proposed to be allotted in the Preferential Allotment	Total Shareholding as a % of total No. of Equity Shares adjusted for the Issue*
		Number	Total Shareholding as a % of total No. of Equity Shares		
1.	ING Mauritius Holdings	51,081,681	32.59	12,131,735	33.86
2.	ING Mauritius Investments I	14,622,573	9.33	3,473,790	9.69
	Total	65,704,254	41.92	15,605,525	43.55

** Simultaneously with the Issue, the Bank is conducting the Preferential Allotment. The adjustment also includes the Equity Shares offered in the Preferential Allotment to the Promoters.*

3. Each person or entity known to the Bank other than the Promoters and Promoter Group companies to beneficially own more than one per cent of its outstanding Equity Shares as of June 14, 2013 is listed below. Each shareholder identified below is both the holder on record and the beneficial owner with sole power to vote and invest the Equity Shares listed next to its name below:

S. No.	Name of the Shareholder	Number of Equity Shares	Total Shareholding as a % of total No. of Equity Shares
1.	Aberdeen Global Indian Equity (Mauritius) Limited	7,266,032	4.64
2.	Warhol Limited	5,520,447	3.52
3.	Government Pension Fund Global	4,729,357	3.02
4.	India Advantage Fund S3 I	2,923,208	1.87
5.	Morgan Stanley Mauritius Company Limited	2,827,593	1.80
6.	JF India Fund	2,286,661	1.46
7.	Citigroup Global Markets Mauritius Private Limited	2,186,979	1.40
8.	Kotak Mahindra Trusteeship Services Limited- A/C K	1,730,846	1.10
9.	Bajaj Allianz Life Insurance Company Ltd.	1,676,267	1.07
	Total	**31,147,390**	**19.88**

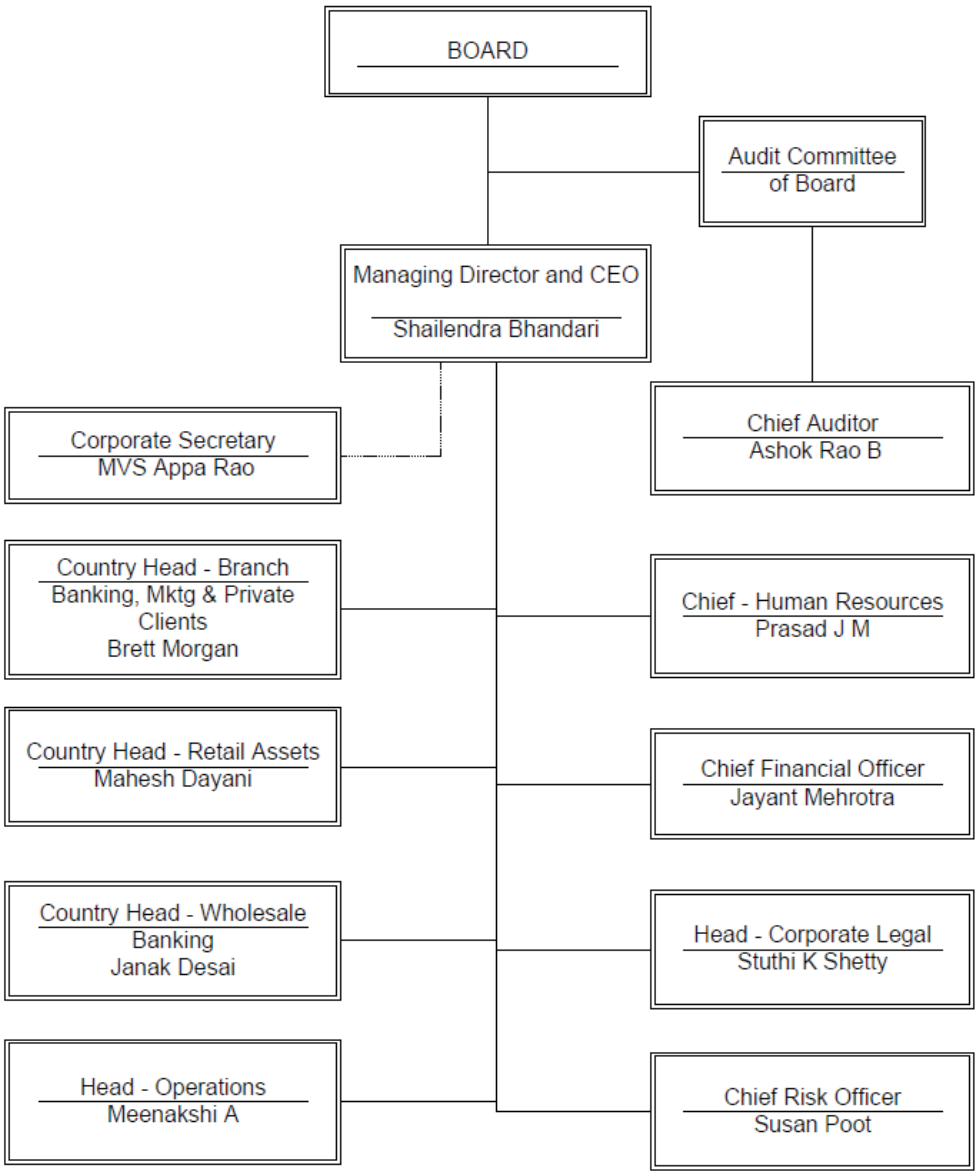
4. Pursuant to resolutions of shareholders of the Bank dated September 22, 2005, May 11, 2007, July 1, 2010 and June 25, 2013 the Bank has adopted the Employee Stock Option Scheme 2005, the Employee Stock Option Scheme 2007, Employee Stock Option Scheme 2010 and Employee Stock Option Scheme 2013 in terms of which the Bank was authorised to issue up to 893,264 stock options, 7,800,000 stock options, 11,500,000 stock options and 7,500,000 stock options respectively representing an equivalent number of Equity Shares, to eligible employees.

As of March 31, 2013, the following were the details regarding the grant, exercise and vesting of options under ESOS:

Details of ESOS as on March 31, 2013				
	ESOS Scheme 2005		**ESOS Scheme[(3)] 2007**	**ESOS Scheme[(4)] 2010**
	Tranche[(1)] 1	**Tranche[(2)] 2**		
Options granted	465,212	525,285	7,845,476	11,378,475
Options vested	297,207	508,100	7,090,676	3,711,640
Options exercised	296,105	368,517	4,941,126	1,678,255
Shares issued on exercise of options	296,105	368,517	4,941,126	1,678,255
Options lapsed	160,419	47,598	803,450	1,108,840
Variation of terms of options	-	-	-	-
Money realized by exercise of options (in Rs.)	3,635,1475	68,109,312	1,143,783,841	574,787,515
Total number of options in force	8,688	109,170	2,100,900	8,591,380

(1) Exercise price is equivalent to 75% of the average price of the shares during the past six months in the Stock Exchange where the stocks are traded in highest number.
(2) Exercise price is equivalent to 75% of the average price of the shares during the past six months in the Stock Exchange where the stocks are traded in highest number.
(3) Exercise price is latest available closing price, prior to the date of meeting of the board of directors / Committee of Directors in which options are granted in the Stock Exchange where the shares are traded in the highest number.
(4) Exercise price is latest available closing price, prior to the date of meeting of the board of directors / Committee of Directors in which options are granted in the Stock Exchange where the shares are traded in the highest number.

5. The organizational structure of our Bank is as represented in the chart below:



ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below and the investors are assumed to have appraised themselves of the same from the Bank or the JGCBRLMs. The prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see the sections "Selling Restrictions" and "Transfer Restrictions".

Qualified Institutions Placements

The Issue is being made in reliance upon Chapter VIII of the SEBI Regulations through the mechanism of Qualified Institutions Placement wherein a listed company in India may issue and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants or any other security (other than warrants) which are convertible into or exchangeable with equity shares at a later date to QIBs on a private placement basis, provided *inter alia* that:

- a special resolution approving the QIP has been passed by its shareholders;
- equity shares of the same class of such company, which are proposed to be allotted through the QIP or pursuant to conversion or exchange of eligible securities, are listed on a stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution; and
- such company complies with the minimum public shareholding requirements as specified in the SCRR.

At least 10% of the securities issued to QIBs must be allotted to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs. QIBs have been specifically defined under Regulation 2(1)(zd) of the SEBI Regulations.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The issue price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the related equity shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of up to 5.00% of the floor price is permitted in accordance with the provisions of the SEBI Regulations.

The "Relevant Date" referred to above, in case of allotment of equity shares means the date of the meeting in which the Board or the committee of directors duly authorized by the Board decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India in which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

The securities must be allotted within 12 months from the date of the shareholders' resolution approving the QIP. The securities issued pursuant to the QIP must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI Regulations. The preliminary placement document and the placement document are private documents provided through serially numbered copies to less than 49 investors and is required to be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

Pursuant to the provisions of Section 67(3) of the Companies Act, for a transaction that is not a public offering, an invitation or offer may not be made to more than 49 persons.

The securities allotted to QIBs pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on a recognized stock exchange in India.

The Bank has obtained the in-principle approval of the Stock Exchanges under Clause 24 (a) of its listing agreements for the listing of the Equity Shares on the Stock Exchanges. The Bank has filed a copy of the Preliminary Placement Document with the Stock Exchanges.

The aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of the issuer as per its audited unconsolidated balance sheet from the previous financial year. The issuer shall furnish a copy of the Placement Document to each stock exchange on which its securities are listed.

The Equity Shares offered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be aualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) under the Securities Act or another available exemption from the registration requirements thereof, and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the Equity Shares, see "Transfer Restrictions".

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. The Issuer and the JGCBRLMs shall circulate serially numbered copies of the Preliminary Placement Document and the Application Form, either in electronic form or physical form, to not more than 49 QIBs.

2. The list of QIBs to whom the Application Form is delivered shall be determined by the JGCBRLMs at its sole discretion. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. QIBs may submit the Application Form, including any revisions thereof, during the Bidding Period to the JGCBRLMs.

4. QIBs will be required to indicate the following in the Application Form:

    a. Name of the QIB to whom Equity Shares are to be Allotted;
    b. Number of Equity Shares Bid for;
    c. Price at which they are agreeable to apply for the Equity Shares provided that QIBs may also indicate that they are agreeable to submit an Application Form at "Cut-off Price" which shall be any price as may be determined by the Bank in consultation with the JGCBRLMs at or above the Floor Price. The Bank may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI Regulations; and
    d. The details of the dematerialised account(s) to which the Equity Shares should be credited.
    e. A representation that it is either (i) outside the United States including at the time that its buy order is originated, or (ii) an institutional investor meeting the requirement of a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, and (iii) it has agreed to certain other representations set forth in the Application Form.

Note: Each sub-account of an FII other than a sub-account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Application Form(s). FIIs or sub accounts of FIIs, are required to indicate the SEBI FII/sub-account registration number in the Application Form.

5. Once the Application Form is submitted by the QIB, such Application Form constitutes an irrevocable offer and the same cannot be withdrawn after the Bid/Issue Closing Date.

6. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

7. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund.

8. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

9. Upon the receipt of the Application Form, the Bank, after the Closure of the Issue, shall decide the final terms including Issue Price and the number of Equity Shares to be issued in consultation with the JGCBRLMs. The Bank shall notify the Stock Exchanges of the Issue Price. On determination of the Issue Price, the JGCBRLMs on behalf of the Bank will send the CAN to the QIBs who have been Allocated Equity Shares. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details like the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. Please note that the Allocation will be at the absolute discretion of the Bank and will be based on the recommendation of the JGCBRLMs.

10. Pursuant to receiving the CAN, the QIBs would have to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price only through electronic transfer for the application monies to the designated bank account of the Bank by the Pay-In Date as specified in the CAN sent to the respective QIB.

11. Upon receipt of the application monies from the QIBs, the Bank shall issue and Allot Equity Shares to the Bidders per the details in the CAN to the QIBs. The Bank shall not Allot Equity Shares to more than 49 QIBs. The Issuer will intimate the details of the Allotment to the Stock Exchanges.

12. After passing the Allotment resolution and prior to crediting the Equity Shares into the depository participant accounts of the Eligible QIBs, the Issuer shall apply to the Stock Exchanges for in-principle approval for listing and trading of the Equity Shares.

13. After receipt of the in-principle listing approval from the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant accounts of the respective QIB.

14. The Bank shall then apply for the final trading and listing permissions from the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the QIBs.

15. The Equity Shares that have been credited to the Depository Participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. The Stock Exchanges shall notify the final trading and listing permissions, which are ordinarily available on their websites. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, the Bank shall inform the QIBs who have received an Allotment of the receipt of such approval. The Bank and the JGCBRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Bank.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2 (1) (zd) of the SEBI Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI Regulations, are eligible to invest. Currently, under Regulation 2 (1) (zd) of the SEBI Regulations, QIB means:

- mutual funds, venture capital funds, alternative investment funds and foreign venture capital investors registered with the SEBI;
- foreign institutional investors and sub-accounts (other than a sub-accounts which are foreign corporates or foreign individuals), registered with the SEBI;
- public financial institutions as defined in section 4A of the Companies Act;
- scheduled commercial banks;
- multilateral and bilateral development financial institutions;
- state industrial development corporations;
- insurance companies registered with the IRDA;
- provident funds with minimum corpus of Rs. 250 million;
- pension funds with minimum corpus of Rs. 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up by the Department of Posts, India.

No Allotment shall be made, either directly or indirectly, to any QIB who is a Promoter or any person related to the Promoters. QIBs, who have all or any of the following rights shall be deemed to be a person related to Promoters:

a) rights under a shareholders' agreement or voting agreement entered into with our Promoters or persons related to our Promoters;
b) veto rights; or
c) right to appoint any nominee director on our Board.

Provided that a QIB who does not hold any shares in the Bank and who has acquired the said rights in the capacity of a lender shall not be deemed to be person related to promoters.

Non-resident QIBs can participate in the Issue under Schedule 1 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.

FIIs are permitted to participate through the portfolio investment scheme in this Issue. FIIs are permitted to participate in the QIP subject to compliance with all applicable laws and such that the shareholding of the FIIs does not exceed specified limits as prescribed under applicable laws in this regard.

The issue of Equity Shares to a single FII should not exceed 10.00% of the post-Issue issued capital of the Bank. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10.00% of the total issued capital of the Bank or 5% of the total issued capital of the Bank in case such sub-account is a foreign corporate or a foreign individual.

The total holding of all FIIs, including sub-accounts of an FII, in the Bank is subject to a cap of 24.00% of the total issued capital of the Bank, which can be increased to 49.00% This aggregate limit of 24% can be increased to the sectoral cap/statutory ceiling through a resolution by the Board followed by a special resolution to that effect by the shareholders and subject to prior intimation to RBI. The RBI's acknowledgement is required for the acquisition or transfer of a bank's shares which will take the aggregate holding (both direct and indirect, beneficial or otherwise) of an individual or a group to equivalent of five per cent or more of its total paid up capital.

The shareholders of the Bank have passed a special resolution at their AGM held on September 16, 1998 increasing the investment limits by FIIs up to 30%.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Issuer and the JGCBRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law

or regulation or as specified in the Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Code.

A minimum of 10% of the Equity Shares in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

No person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights on poll in excess of 10% of the total voting rights of all the shareholders of the banking company.

Affiliates or associates of the JGCBRLMs who are QIBs may participate in the Issue subject to compliance with applicable laws.

Application Process

Application Form

QIBs are permitted to only use the serially numbered Application Forms provided by the JGCBRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making Bid (including the revision thereof) for the Equity Shares through an Application Form and pursuant to the terms of the Preliminary Placement Document, the QIB will be deemed to have made the following representations and warranties, and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representation by Investors*" and *"Selling and Transfer Restrictions"*:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded under Regulation 86 of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The QIB confirms that it is not a Promoter of the Bank and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter group or a person related to the Promoters;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board other than such rights acquired in the capacity of a lender (not holding any Equity Shares) which shall not be deemed to be a person related to the Promoters;

4. The QIB has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The QIB confirms that if Equity Shares are allotted pursuant to this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to the Issue. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Application Form would not eventually result in triggering a tender offer under the Takeover Code;

8. The QIB confirms that to the best of its knowledge and belief together with other QIBs in the Issue that belongs to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

    a. The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act; and

b. "Control" shall have the same meaning as is assigned to it by sub-clause (c) of clause 1 Regulation 2 of the Takeover Code.

9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

10. The QIB confirms that its total shareholding in the paid-up share capital of the Bank, when aggregated together with any existing shareholding and/or shareholding of any of its "relative" or "associated enterprises" (as defined under Section 92A of the Indian Income Tax Act, 1961), does not exceed 5% of the total paid-up share capital of the Bank, unless it is an existing shareholder who already holds 5% or more of the underlying paid up share capital of the Bank pursuant to the acknowledgment of the RBI, provided that its shareholding does not, without the further acknowledgment of the RBI, exceed its existing shareholding after Allotment; and

11. The QIB acknowledges that as specified by RBI in its letter dated January 14, 2013 and as required in terms of the RBI circular dated April 20, 2010, the Bank shall apply for a post facto approval from the RBI in respect of this Issue, upon completion of the Allotment process. In the event that RBI does not grant the post facto approval in respect of Allotment to any Allottee(s), such Allottee shall be required to comply with the instructions that may be received from the RBI, in this regard.

QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

Demographic details like address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the QIB shall be deemed valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Issuer in favour of the QIB.

Submission of Application Form

All Application Forms shall be required to be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied for. The Application Form shall be submitted to the JGCBRLMS either through electronic form or through physical delivery at the following address:

Name of the JGCBRLMs	Address	Contact Person	Email	Phone
Axis Capital Limited	Axis House, 1st Floor, C-2, Wadia International Center, P. B. Marg, Worli Mumbai 400 025	G. Venkatesh	venkatesh.iyer@axiscap.in	Tel: (91 22) 4325 4587 Fax: (91 22) 4325 5599
Credit Suisse Securities India Private Limited	10th Floor, Ceejay House, Dr. Annie Besant Road, Worli, Mumbai – 400 018	Vishal Gupta	vishal.gupta.3@credit-suisse.com	Tel: (91 22) 6777 3918 Fax: (91 22) 6777 3820
JM Financial Institutional Securities Private Limited	141, Maker Chambers III, Nariman Point, Mumbai 400 021, Maharashtra, India	Neha Agarwal	neha.agarwal@jmfl.com	Tel: (91 22) 3953 3151 Fax : (91 22) 2204 7185

The JGCBRLMs shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build up of the book

The QIBs subscribing to the Equity Shares shall submit their Bids (including revisions of the bids) through the Application Form within the Bidding Period to the JGCBRLMs and cannot be with drawn after the Bid/Issue Closing Date.

Price discovery and allocation

The Bank, in consultation with the JGCBRLMs, shall finalize the Issue Price for the Equity Shares which shall be at or above the Floor Price or the Floor Price net of such discount as approved in accordance with the SEBI Regulations. A discount of up to 5% to the Floor Price is permitted under the SEBI Regulations.

After finalisation of the Issue Price, the Bank shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

The Bank shall determine the Allocation in consultation with the JGCBRLMs on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Application Form being received at or above the Issue Price.

THE DECISION OF THE BANK IN CONSULTATION WITH THE JGCBRLMS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE BANK IN CONSULTATION WITH THE JGCBRLMS AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER THE BANK NOR THE JGCBRLMS ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or application for PAN shall be submitted to the JGCBRLMS as per the details provided in the respective CAN.

Number of Allottees

The minimum number of Allottees in the Issue shall not be less than:

(a) two, where the size of the Issue is less than or equal to Rs. 2,500 million;
(b) five, where the size of the Issue size is greater than Rs. 2,500 million.

Provided that no single allottee shall be Allotted more than 50% of the aggregate amount of the size of the Issue.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of this clause. For details of what constitutes "same group" or "common control" see *"Application Process - Application Form"*.

THE DECISION OF THE BANK IN CONSULTATION WITH THE JGCBRLMS IN RESPECT OF ALLOTMENT SHALL BE FINAL AND BINDING ON ALL QIBS.

The maximum number of Allottees of Equity Shares is not permitted to be greater than 49 Allottees. Further, the Equity Shares should be Allotted within 12 months from the date of the shareholders' resolution approving the Issue.

CAN

Based on the Application Forms received, the Bank and the JGCBRLMs will, in their sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the

details of the Equity Shares allocated to them and the details of the amounts payable for Allotment of the same in their respective names shall be notified to such QIBs. Additionally, the CAN would include details of the bank account(s) for transfer of funds, address where the application money needs to be sent, Pay-In Date as well as the probable Designated Date, being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the JGCBRLMs and to pay the entire Issue Price for all the Equity Shares allocated to such QIB.

QIBs MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANTS NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT THAT NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, EACH SUB-ACCOUNT OF ANN FII WOULD BE CONSIDERED AS AN INDEPNEDENT QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

The Bank has opened a special bank account in the name of "ING Vysya – 2013 QIP Escrow Account" ("**Escrow Account**") with ING Vysya Bank Limited in terms of the engagement among us, the JGCBRLMS and ING Vysya Bank Limited as escrow bank. The QIBs will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in their respective CANs.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, the Issuer and the JGCBRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirement of ensuring that the Application Forms are sent to not more than 49 QIBs.

Payment Instructions

The payment of application money shall be made by the QIBs in the name of the Escrow Account as per the payment instructions provided in the CAN.

QIBs shall make payment through electronic fund transfer.

After finalization of the Issue Price, the Issuer shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Payments through cheque are liable to be rejected.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Account as stated above.

2. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

3. The Bank reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Post Allotment and credit of Equity Shares into the QIBs Depository Participant account, the Issuer would apply for final listing and trading approvals from the Stock Exchanges.

5. In the unlikely event of the any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by the Bank.

6. The monies lying to the credit of the Escrow Account shall not be released till such time as the approval of the Stock Exchanges, for the listing and trading of the Equity Shares issued pursuant to the Issue is delivered to the Bank.

7. After finalization of the Issue Price, the Bank shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

8. After finalization of the Issue Price, the Bank shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the securities offered, viz., names of the Allottees and number of securities allotted to each of them, pre and post Issue shareholding pattern of the Bank in the format specified in clause 35 of the Listing Agreement along with the Placement Document.

Other Instructions

Permanent Account Number or PAN

Each QIB should mention its Permanent Account Number (PAN) allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Application Form.** Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Our Right to Reject Applications

The Bank, in consultation with the JGCBRLMS, may reject Applications, in part or in full, without assigning any reasons whatsoever. The decision of the Bank and the JGCBRLMS in relation to the rejection of Applications shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68 B of the Companies Act, the Allotment of the Equity Shares in this Issue shall be only in dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

3. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with CDSL and NSDL.

4. The trading of the Equity Shares would be in dematerialised form only for all QIBs in the dematerialised segment of the respective Stock Exchanges.

The Bank will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or on part of the QIBs.

PLACEMENT

Placement Agreement

The JGCBRLMs have entered into a placement agreement with the Bank dated June 25, 2013 (the "**Placement Agreement**"), pursuant to which the JGCBRLMs have agreed to manage the Issue and procure subscription on a best effort basis for the Equity Shares to be placed with the QIBs, pursuant to Chapter VIII of the SEBI Regulations.

The Placement Agreement contains customary representations and warranties, as well as indemnities from the Bank and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue will be offered in India or overseas to the public or any members of the public in India or any class of investors, other than QIBs.

In connection with the Issue, the JGCBRLMs (or their affiliates) may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the JGCBRLMs may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions.

Affiliates of the JGCBRLMs may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See the section "Notice to Investors – Offshore Derivative Instruments".

The JGCBRLMs and their affiliates may engage in transactions with and perform services for the Bank and its subsidiaries, group companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Bank and its subsidiaries, group companies or affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

The Bank has agreed with the JGCBRLMs not to issue, offer, lend, sell, grant any option, right or enter into any contract for effecting the same or publicly announce any intention to enter into any such transaction or otherwise transfer or dispose of any Equity Shares, global depositary receipts or any securities convertible into or exercisable or exchangeable for Equity Shares whether any such transaction is to be settled by delivery of Equity Shares, global depositary receipts or such other securities, in cash or otherwise; for a period of 90 days starting from the Closing Date of the Placement Agreement without the prior written consent of the JGCBRLMs, which shall not be unreasonably delayed or withheld by JGCBRLMs, provided that these restrictions shall not apply to: (i) the Equity Shares to be issued pursuant to the Issue, (ii) Equity Shares or other securities issued or to be issued upon the exercise of an option or grant of any option under any employee stock option plans or schemes of the Bank and (iii) Equity Shares or other securities to be issued pursuant to any scheme of amalgamation or arrangement or otherwise in connection with any merger or acquisition of securities, businesses, property or other assets, joint ventures or other strategic corporate transaction.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI Guidelines. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "*Representations by Investors*" and "*Transfer Restrictions*".

Australia

This Placement Document is not a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the "**Australian Corporations Act**"), and has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. (i) The offer of the Equity Shares under this Placement Document is only made to persons to whom it is lawful to offer the Equity Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in Section 708 of the Australian Corporations Act; (ii) this Placement Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their issue or transfer to the offeree under this Placement Document.

The Company is not licensed to provide financial product advice in Australia in relation to the Equity Shares. This Placement Document is intended to provide general information only and has been prepared without taking into account any particular person's objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. No cooling off period applies in relation to this offer under the Australian Corporations Act.

Bahrain

The Issue is a private placement. It is not subject to the regulations of the Central Bank of Bahrain that apply to public offerings of securities, and the extensive disclosure requirements and other protections that these regulations contain. This Placement Document is therefore intended only for accredited investors. The financial instruments offered by way of private placement may only be offered in minimum subscriptions of $100,000 (or equivalent in other currencies). The Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this document. The board of directors and the management of the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the board of directors and the management, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the reliability of such information.

Belgium

The Equity Shares may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the

admission of investment instruments to trading on regulated markets (the "**Prospectus Law**"), save in those circumstances set out in Article 3 §2 of the Prospectus Law.

The Issue is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and the Placement Document or any other offering material relating to the Equity Shares has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission ("Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen").

Accordingly, the Issue may not be advertised and each of the Joint Global Coordinators and Book Running Lead Managers has represented, warranted and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell transfer or deliver, the Equity Shares, and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

(i) qualified investors, as defined in Article 10 of the Prospectus Law;

(ii) investors required to invest a minimum of €50,000 (per investor and per transaction);

and in any other circumstances set out in Article 3 §2 of the Prospectus Law.

This Placement Document has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Issue of Equity Shares. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

Canada

Equity Shares have not been sold in Canada or to residents of Canada other than in compliance with Canadian securities laws. Without limiting the foregoing, offers and sales of the Equity Shares included in the Issue in Canada or to residents of Canada will be made only through an appropriately registered securities dealer or in accordance with an available exemption from the applicable registered securities dealer requirements under the Canadian securities laws and pursuant to an exemption from the prospectus requirements under Canadian securities laws.

Cayman Islands

This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Joint Global Coordinators and Book Running Lead Managers have not offered or sold, and will not offer or sell, directly or indirectly, any Equity Shares to the public in the Cayman Islands. However, Cayman Islands Exempted and Ordinary Non-Resident Companies and certain other legal entities formed under the laws of but not resident in the Cayman Islands and engaged in business outside of the Cayman Islands may be permitted to acquire Equity Shares.

Denmark

This Placement Document has not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. The Equity Shares have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with chapter 6 or chapter 12 of the Danish Act on Trading in Securities and executive orders issued pursuant thereto as amended from time to time. Accordingly, this Placement Document may not be made available nor may the Equity Shares otherwise be marketed and offered for sale in Denmark other than in circumstances which are deemed not to be a marketing activity or an offer to the public in Denmark.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that

Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and the 2010 Amending Directive, except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

- to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

- to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the Joint Global Coordinators and Book Running Lead Managers; or

- in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive,

provided that no such offering of Equity Shares shall result in a requirement for the publication by the Company or the Joint Global Coordinators and Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 Amending Directive**" means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

None of the Company or any of the Joint Global Coordinators and Book Running Lead Managers has authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by the Company or the Joint Global Coordinators and Book Running Lead Managers under Issue.

Finland

This Placement Document has not been approved by or filed with the Finnish Financial Supervision Authority pursuant to the Finnish Securities Market Act. The Equity Shares may not be offered or sold, directly or indirectly, to the public in Finland, and any offer or sale of the Equity Shares in Finland may be made only to qualified investors under the Securities Markets Act, and/or to less than 100 pre-selected investors or otherwise in circumstances which do not constitute a public offer under the laws of Finland.

France

Neither this Placement Document nor any other offering material relating to the Equity Shares has been prepared in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (the "MFC") and Articles 211-1 of the General Regulations (*Règlement Général*) of the French financial markets regulator (*Autorité des marches financiers*) ("**AMF**") and none of them have, therefore, been submitted to the prior visa (*visa préalable*) of the AMF or the competent authority of another member state of the European Economic Area and notified to the AMF.

The Equity Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this Placement Document nor any other offering material relating to the Equity Shares has been or will be pursuant to French applicable law and regulation:

- released, issued, distributed or caused to be released, issued or distributed, directly or indirectly, to the public in France; or

- used in connection with any offer for subscription or sale of the Equity Shares to the public in France.

Such offers, sales and distributions may be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2 II, 2, articles D.411-1 to D411-4, articles D.734-1, D.744-1, D.754-1 and D.764-1 of the MFC;

- to persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) in accordance with article L 411-2 II, 1 of the MFC; or

- in a transaction that, in accordance with article L.411-2, I of the MFC and article 211-2 of the General Regulations (*Règlement Général*) of the AMF, does not constitute a public offering.

The Equity Shares may be resold or otherwise transferred, directly or indirectly, in France only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the MFC.

Germany

This Placement Document has not been prepared in accordance with the requirements for a sales prospectus under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the German Sales Prospectus Act (*Verkaufsprospektgesetz*), or the German Investment Act (*Investmentgesetz*). Neither the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*—BaFin) nor any other German authority has been notified of the intention to distribute the Equity Shares in Germany. The Equity Shares may therefore not be distributed in the Federal Republic of Germany by way of public offering, public advertising or in a similar manner and this Placement Document and any other document relating this offering, as well as information or statements contained therein, may not be supplied to the public in the Federal Republic of Germany or used in connection with any offer for subscription of the Equity Shares to the public in the Federal Republic of Germany or any other means of public marketing. The Equity Shares will not be admitted to trading on an organised market situated or operating in the Federal Republic of Germany. Any resale of the Equity Shares in the Federal Republic of Germany may only be made in accordance with the provisions of the Securities Prospectus Act and any other laws applicable in the Federal Republic of Germany concerning the sale and offering of securities. The Equity Shares are being offered and sold in Germany only to (i) qualified investors in the meaning of Section 3, paragraph 2 no. 1, in connection with Section 2, no. 6, of the German Securities Prospectus Act, or (ii) a limited number (less than 100) of individualised, unqualified investors that are being pre-selected and specifically addressed. This Placement Document is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong, by means of any document, other than to "professional investors" as defined in the Securities and Futures Ordinance, Cap. 571 of the laws of Hong Kong ("**Securities and Futures Ordinance**") and any rules made under that Ordinance; or to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance, Cap. 32 of the laws of Hong Kong ("**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance or an invitation to the public within the meaning of the Securities and Futures Ordinance. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. This Placement Document and the Equity Shares have not been and will not be registered with the Securities and Futures Commission of Hong Kong and/or the Stock Exchange of Hong

Kong. There are no public markets or platforms in Hong Kong for the purchase or disposal of the Equity Shares. If you are in doubt as to the contents of this Placement Document, you must immediately seek legal and investment advice from your solicitor, accountant and/or professional advisors.

Ireland

The Equity Shares may be publicly offered and sold in Ireland only in accordance with the European Communities (Transferable Securities and Stock Exchange) Regulations 1992, if applicable, the Investment Intermediaries Act 1995, as amended, the Companies Acts 1963 to 2003 and all other applicable Irish laws and regulations. This Placement Document does not constitute an offer to the public in Ireland by virtue of the fact that it shall only be made to persons in Ireland whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) and, accordingly, has not been registered with the Registrar for Companies in Ireland. By accepting delivery of this Placement Document, the addressee in Ireland warrants that it is a person whose ordinary business, whether as principal or agent, is to buy and sell shares and debentures. This Placement Document does not and shall not be deemed to constitute an invitation to individuals (i.e. natural persons) in Ireland to purchase Equity Shares. There will be no offering to the public in Ireland of the Equity Shares and this Placement Document does not constitute a prospectus within the meaning of the Irish Companies Acts 1963 to 2003.

Italy

The offering of the Equity Shares has not been registered with the *Commissione Nazionale per la società e la Borsa* ("**CONSOB**") (the Italian securities and exchange commission) pursuant to the Italian securities legislation and each Underwriter has represented and agreed that it has not offered, sold or delivered any Equity Shares nor distributed any copies of the Offering Memorandum or any other document relating to the Equity Shares, and will not offer, sell or deliver any Equity Shares nor distribute any copies of the Offering Memorandum or any other document relating to the Equity Shares in the Republic of Italy in a solicitation to the public at large (*sollecitazione all'investimento*), and that the Shares in Italy shall only be:

- offered and sold to professional investors (*operatori qualificati*) as defined in Article 31, second paragraph of CONSOB Regulation No 11522 of 1 July 1998 ("**Regulation No 11522**"), as amended; or

- offered or sold in circumstances where an exemption from the rules governing solicitations to the public at large applies, pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 ("**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No 11971 of 14 May 1999 ("**Regulation No 11971**"), as amended, and shall in any event be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

  Moreover and subject to the foregoing, each Underwriter has represented and agreed that the Equity Shares may not be offered, sold or delivered and neither the Offering Memorandum nor any other material relating to the Equity Shares may be distributed or made available in Italy unless such offer, sale or delivery of Equity Shares or distribution or availability of copies of the Offering Memorandum or any other material relating to the Equity Shares in Italy:

- is in compliance with Article 129 of Legislative Decree No 385 of 1 September 1993 (the "**Italian Banking Act**") and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offer of Equity Shares in Italy may need to be followed by an appropriate notice to be filed with the Bank of Italy depending, inter alia, on the aggregate value of the securities issued or offered in Italy and their characteristics; and

- is made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, the Italian Banking Act, the Regulation No 11522, the Regulation No 11971 and any other applicable laws and regulations.

Japan

The Equity Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law. No. 25 of 1948 as amended) (the "**SEL**"). The Equity Shares may not be offered or sold, directly or

indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the SEL and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, a "resident of Japan" means any natural person residing in Japan and business offices located in Japan, including any corporation or other entity organized under the laws of Japan.

Jordan

This Placement Document does not constitute a public offering prospectus under the laws of Jordan. This Placement Document is intended solely for use on a confidential basis by those persons to whom it is transmitted in connection with the contemplated private placement of Equity Shares in the Company. It will be transmitted to a limited number of institutional/sophisticated potential investors in Jordan: (a) upon their request and confirmation that they understand that the Company and the Equity Shares have not been approved, filed or licensed by or registered with Jordan Securities Commission or any other relevant licensing authorities or governmental agencies in Jordan; and (b) on the condition that it will not be provided to any person other than the original recipient, is not for general circulation in Jordan and may not be reproduced or used for any other purpose.

Korea

This Placement Document is not, and under no circumstances is to be considered as, a public offering of securities in Korea for the purposes of the Financial Investment Services and Capital Market Act of Korea (the "**FSCMA**"). Neither the Company nor any Underwriter may make any representation with respect to the eligibility of any recipients of this Placement Document to acquire the Equity Shares offered hereby under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act of Korea and the regulations thereunder (the "**FETA**"). The Equity Shares offered hereby have not been registered under the FSCMA and the Equity Shares may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the FETA), except otherwise permitted by applicable laws and regulations of Korea, including, without limitation, the FSCMA and the FETA.

Kuwait

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has the Company received authorisation or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the offering, including the receipt of applications and/or the allotment of Equity Shares, may be rendered within Kuwait by the Company or persons representing the Company.

Luxembourg

The Equity Shares offered in this Placement Document may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Placement Document is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Equity Shares. Distribution of this Placement Document to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Company, is prohibited.

Malaysia

No approval has been or will be obtained from the Securities Commission for the offering of the Equity Shares in Malaysia. The Equity Shares shall not be offered or sold to any person in Malaysia except to persons falling within Schedules 5, 6 and 7 of the Capital Markets and Services Act, 2007.

No prospectus has been or will be registered under the Capital Markets and Services Act, 2007 in respect of the Equity Shares and the Equity Shares shall not be issued, offered for subscription or be the subject matter of an invitation to subscribe, to any person in Malaysia except to persons falling within Schedules 5, 6 and 7 of the Capital Markets and Services Act, 2007.

Consequently, this Placement Document and any other offering document or material relating to the Equity Shares shall not be distributed or published and will not be distributed or published, and the Equity Shares shall not been offered, sold or made the subject matter of an invitation to subscribe or purchase and will not be offered, sold or made the subject matter of an invitation to subscribe or purchase, whether directly or indirectly, to any person in Malaysia except to persons falling within Schedules 5, 6 and 7 of the Capital Markets and Services Act, 2007.

Mauritius

Our Equity Shares may not be offered, distributed or sold, directly or indirectly, to the public in Mauritius. Neither this Placement Document, nor any offering material or information contained herein relating to the offer of Equity Shares, may be released or issued to the public in Mauritius or used in connection with any such offer. This Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius. This Placement Document is not a prospectus.

New Zealand

This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Placement Document, you represent and warrant that if you receive this Placement Document in New Zealand you are a Habitual Investor and you will not disclose this Placement Document to any person who is not also a Habitual Investor.

The Netherlands

The Equity Shares may only be offered, sold or delivered in or from The Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which trade or invest in securities in the conduct of a profession or trade (which includes, but is not limited to, banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises).

Norway

This Placement Document has not been approved by or registered with any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act 1997. Accordingly, neither this Placement Document nor any other offering material relating to the Equity Shares constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act 1997 and is only made to qualified professional investors pursuant to the Norwegian Regulation of December 9, 2005 regarding exemption from the obligation to publish a prospectus or otherwise only in circumstances where an exemption from the obligation to publish a prospectus under the Norwegian Securities Trading Act 1997 is available.

Portugal

This Placement Document has not been nor will be subject to the approval of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*). Each Underwriter has represented, warranted and agreed, that it has not offered or sold, and it will not offer or sell any Equity Shares in Portugal or to residents of Portugal otherwise than in accordance with applicable Portuguese Law.

No action has been or will be taken that would permit a public offering of any of the Equity Shares in Portugal. Accordingly, no Equity Shares may be offered, sold or delivered except in circumstances that will result in compliance with any applicable laws and regulations. In particular, each Underwriter has represented, warranted and agreed that no offer has been addressed to more than 100 (non-qualified) Portuguese investors; no offer has been preceded or followed by promotion or solicitation to unidentified investors, or followed by publication of any promotional material. The offer of Equity Shares is intended for "Qualified Investors". Qualified Investors within the meaning of Article 30 of the Securities Code (*Código dos Valores Mobiliários*) includes credit institutions, investment firms, insurance companies, collective investment institutions and their respective managing companies, pension funds and their respective pension fund-managing companies, other authorised or regulated financial institutions, notably securitisation funds and their respective management companies, all

other financial companies, securitisation companies, venture capital companies, venture capital funds and their respective management companies, financial institutions incorporated in a state that is not a member state of the European Union that carry out activities similar to those previously mentioned, entities trading in financial instruments related to commodities and regional and national governments, central banks and public bodies that manage debt, supranational or international institutions, namely the European Central Bank, the European Investment Bank, the International Monetary Fund and the World Bank , any companies which have two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual turnover of more than 50,000,000, as shown in its last annual or consolidated accounts, and any legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities.

Qatar

This document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor persons representing the Company are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither the Company nor persons representing the Company are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document you should consult an authorised financial adviser.

Singapore

The Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Future Act (Chapter 289) of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the

conditions of, any other applicable provision of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are acquired by a person pursuant to Section 274 or 275 of the SFA, such Equity Shares shall not be transferable for six months after that person has acquired the Equity Shares, except (i) to another person who is an institutional investor or a relevant person, or (ii) pursuant to Section 275(1A) of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are subscribed or purchased pursuant to Section 275 of the SFA by a relevant person which is:

- a corporation which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such Equity Shares, debentures and units of Equity Shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, in accordance with the conditions, specified in Section 275 of the SFA as applicable; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Spain

This Placement Document has not been registered with the *Comisión National del Mercado de Valores*, and therefore a public offer for sale of the Equity Shares will not be promoted in the Kingdom of Spain. The Equity Shares may not be offered or sold in the Kingdom of Spain, except in accordance with the requirements of the Spanish securities market law (ley 24/1998, *de 28 de julio, del Mercado de valores*), as amended, and Royal Decree 1310/2005, which partially develops the Securities Market Law, on admission to trading, public offerings and prospectus (RD 1310/2005, *por el que se desarrolla parcialmente la Ley del Mercado de Valores* en materia de *admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended, and the decrees and regulations issued thereunder.

Switzerland

Neither this Placement Document nor any documents related to the Equity Shares constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations. The Equity Shares will not be listed on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Placement Document does not necessarily comply with the information standards set out in the listing rules in SIX Swiss Exchange. Accordingly, the Equity Shares have not been and may not be publicly offered or sold in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations. In addition, the Equity Shares do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act ("**CISA**") and they are neither subject to approval nor supervision by the Swiss Federal Banking Commission. Therefore, investors in the Equity Shares do not benefit from protection under CISA or supervision by the Swiss Federal Banking Commission or any other regulatory authority in Switzerland.

United Arab Emirates (Excluding the Dubai International Financial Centre)

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (the "**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies

Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. The Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. This Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a ''fund'' or a ''collective investment scheme'' within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

United Kingdom

The Equity Shares cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorised person within the meaning of FSMA. The Joint Global Coordinators and Book Running Lead Managers (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**"), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to the Company; and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States

Please refer to the section entitled "*Transfer Restrictions*".

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Equity Shares offered hereby.

Transfer Restrictions relating to Equity Shares sold in the U.S.

Each investor in our Equity Shares in reliance on Rule 144A under the Securities Act, by accepting delivery of this Placement Document and the Equity Shares, will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

- It (A) is a "qualified institutional buyer" (as defined in Rule 144A), (B) is aware that the sale of the Equity Shares to it is being made in reliance on Rule 144A and (C) is acquiring such Equity Shares for its own account or for the account of a "qualified institutional buyer";

- It understands and agrees that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act, have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available) or (iv) pursuant to an effective registration statement under the Securities Act, and (B) in accordance with all applicable securities laws of the states of the United States and any other jurisdiction; and

- It acknowledges and agrees that we, the Joint Global Coordinators and Book Running Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements and agrees that, if any of such representations or agreements are no longer accurate it will promptly notify us; and if it is acquiring any of our Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make, and does make, the foregoing representations and agreements on behalf of each such account.

Transfer Restrictions relating to Equity Shares sold outside the U.S.

Each investor in our Equity Shares outside the U.S., by accepting delivery of this Placement Document and the Equity Shares, will be deemed to have represented and agreed as follows:

- It certifies (or if it is a broker-dealer acting as an agent on behalf of a customer, its customer has confirmed to it that such customer certifies) that it is authorised to consummate the subscription of the Equity Shares in compliance with all applicable laws and regulations;

- It acknowledges and agrees (or if it is a broker-dealer acting as an agent on behalf of a customer, its customer has confirmed to it that such customer acknowledges and agrees) that such Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States;

- It certifies (or if it is a broker-dealer acting as an agent on behalf of a customer, its customer has confirmed to it that such customer certifies) that it is, and at the times the offer of Equity Shares was made to it and its buy order for Equity Shares was originated it was, located outside the United States (within the meaning of Regulation S);

- It agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that prior to the expiration of 40 days after the closing of the Global Issue, it (or such customer) will not offer, sell, pledge or otherwise transfer such Equity Shares except (A) (i) to a person whom it reasonably believes (or it or anyone on its behalf reasonably believes) is a "qualified institutional buyer" under Rule 144A purchasing for its own account or the account of a "qualified institutional buyer" under Rule 144A in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to any other available exemption from registration under the Securities Act, or (iv) pursuant to an effective registration statement under the Securities Act and (B) in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India; and

- It acknowledges and agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges and agrees) that we, the Joint Global Coordinators

and Book Running Lead Managers, our affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements and agrees that, if any of such representations or agreements are no longer accurate, it will promptly notify us; and if it is acquiring any of our Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make, and does make, the foregoing representations and agreements on behalf of each such account.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above-stated restrictions, will not be recognised by us.

INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI and the Stock Exchanges and has not been prepared or independently verified by us or the Joint Global Coordinators and Book Running Lead Managers, or any of their respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. There are currently 20 recognised stock exchanges in India. Most of the stock exchanges have their own governing board for self-regulation. A number of these exchanges have been directed by SEBI to file schemes for demutualisation as a measure of moving towards greater investor protection.

The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Rules**"), which regulate inter alia the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act, under which the SEBI was established by the Government in February 1992, granted powers to SEBI to promote, develop and regulate the Indian securities markets, including stock exchanges and other financial intermediaries in the capital markets, to protect the interests of investors, to promote and monitor self-regulatory organisations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, Foreign Institutional Investors (''**FIIs**''), credit rating agencies and other capital market participants.

Listing

The listing of securities on recognised stock exchanges in India is regulated by the applicable Indian laws including Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines issued by SEBI and the Listing Agreements. Under the SCRA, the governing body of each stock exchange is empowered to suspend trading of or admission to dealing in a listed security for breach by a listed company of its obligations under such Listing Agreement or for any other reason, subject to such company receiving prior notice of such intent of the stock exchange and upon granting of a hearing in the matter. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal ("**SAT**") established under the SEBI Act to set aside the suspension. SEBI has the power to vary or veto a stock exchange decisions in this regard. SEBI also has the power to amend such Listing Agreements and the by-laws of the stock exchanges in India.

SEBI has pursuant to a notification dated June 10, 2009, notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25.00% and have been given a period of three years to comply with such requirement.

Index-Based Market-Wide Circuit Breaker System

To restrict abnormal price volatility, SEBI has instructed stock exchanges to apply the following price bands calculated at the previous day's closing price (there are no restrictions on price movements of index stocks):

- *Market Wide Circuit Breakers*. In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers, which do not allow transactions beyond certain price volatility. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and the circuit breakers are applied to the market for movement by 10%, 15% and 20% for two prescribed market indices: the SENSEX for the BSE and the S&P CNX NIFTY for the NSE, whichever is breached earlier. If any of these circuit breaker thresholds are reached, trading in al1 equity and equity derivatives markets nationwide is halted.

- *Price Bands*. Price bands are circuit filters of 2%, 5%, 10% and 20% movements either up or down, and are applied to most securities traded in the markets, excluding securities included in the BSE Sensex and the NSE Nifty and derivatives products. In addition to the market-wide index based circuit breakers, there are currently in place varying individual scrip specific bands (except for scrips on which derivative products are available or scrips included in indices that represent the underlying derivative products) of 20% either ways for all other scrips.

These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

The BSE is one of the stock exchanges in India on which our Equity Shares are listed.

Established in 1875, it is the first stock exchange in India to have obtained permanent recognition in 1956 from the Government of India under the SCRA and has evolved over the years into its present status as the largest stock exchange in India.

As at April 31, 2013, the one month average daily traded value of the capital market segment was Rs. 409,800.10 million. As at April 31, 2013 there were 11,296 scrips traded on the BSE and the estimated market capitalization of stocks trading on the BSE as at April 31, 2013 was Rs. 67,896,901.9 million. (Source: *www.bseindia.com*).

NSE

Our Equity Shares are also listed in India on the NSE.

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked, screen-based trading facilities to market makers, to provide electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on-market" are exchanged through the National Securities Clearing Corporation Limited. After recognition as a stock exchange under the SCRA in April 1993, the NSE commenced operations in the wholesale debt market segment in June 1994 and operations in the derivatives segment in June 2000.

The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996 and has a wide network in major metropolitan cities, screen based trading and a central monitoring system. The securities in the NSE 50 Index are highly liquid.

On May 31, 2013, the one month average daily traded value of the capital market segment was Rs. 2,443,920.00 million. As at May 31, 2013, there were 1,589 listed companies trading on the NSE. As at May 31, 2013, the estimated market capitalisation of stock trading on the NSE was Rs.65,182,270 million. (Source:*www.nseindia.com*)

Trading Hours

Trading on both the BSE and the NSE normally occurs Monday through Friday, between 9:00 a.m. and 3:30 p.m Indian Standard Time. The BSE and the NSE are closed on public holidays. Recently, the stock exchanges have been permitted to set their own trading hours (in cash and derivative segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities.

The NSE trading system called 'National Exchange for Automated Trading' ("**NEAT**") is a fully automated screen based trading system, which adopts the principle of an order driven market and operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Internet-Based Securities Trading and Services

SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' Internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and to comply with certain minimum conditions stipulated by SEBI and other applicable laws. NSE became the first exchange to grant approval to its members for providing Internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**Takeover Code**") which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Code will apply to any acquisition of the company's shares/voting rights/control. The Takeover Code prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Code mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Code also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Since the Issuer is an Indian listed company, the provisions of the Takeover Code apply to the Issuer.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the "**Insider Trading Regulations**") have been notified by SEBI to prohibit and penalize insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, inter alia, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRA Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities," as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organisation under the supervision of the SEBI. Derivatives products have been introduced in a phased manner in India, starting with future contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to our Equity Share capital, including a brief summary of some of the provisions of our Memorandum and Articles of Association, the Companies Act and certain related legislation of India, all as currently in effect. All capitalized terms contained in this section shall have such meaning as ascribed to it under our Memorandum and Articles of Association.

Capital

Capital

Article 4 provides that the authorized share capital of the Bank is Rs. 4,500,000,000 (Rupees Four Thousand Five Hundred Million only) divided into 350,000,000 (three hundred and fifty million) equity shares of Rs. 10 each and 100,000,000 (one hundred million) preference shares of Rs. 10 each with power to increase, reduce or modify the said capital from time to time in accordance with the regulations and the legislative provisions applicable to the Bank for the time being in force in this behalf and fix the terms and conditions for issue of equity shares.

Membership

Article 5 provides that any person competent to contract, or guardian or manager of property of a person under disability, or any duly incorporated company or institution by its trustees are eligible to become members of the Bank provided however that no person can claim admission as a matter of right. It is entirely left to the discretion of the Board of Directors to admit or not, any person as a member of the Bank.

Application for shares

Article 6 provides that applications for shares shall be made in the form prescribed by the Bank along with the application/allotment money as per the terms of the issue or allotment. The Bank may call upon to pay the amount towards both face value as well as premium if the terms of issue include such premium, if any. Should the application be rejected, the amount so deposited less refund expenses, if any, shall be returned to the applicant without interest.

Board to consider application for allotment

Article 7 provides that every application for shares shall be placed before the Board, who can allot the full number of shares applied for, or less, or reject the same without assigning any reason. If less number of shares than applied for are allotted, the share fee and the share amount deposited on shares, not allotted may be adjusted towards the amount due on allotment.

Issue and allotment of shares

Article 8 provides that the shares shall be under the control of the Board who at their discretion may issue, allot the shares either at par or at premium to such persons for such valuable consideration including consideration other than cash and on such terms as they may determine.

Distinctive numbers for shares

Article 8A provides that the shares in the Capital shall be numbered progressively according to their denomination provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Bank which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

Bank to dematerialise its shares

Article 8B provides that the Bank shall be entitled to dematerialise its existing shares, rematerialise its shares held in the depositories and / or to offer further shares, and or other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder.

Register and index of Members

Article 8C provides that the Bank shall cause to be kept a register and index of Members in accordance with the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares kept in physical and/or dematerialised form in any medium as may be prescribed by the law including any form of electronic media.

Attainment of status of shareholders

Article 9 provides that every person to whom a share is allotted shall be deemed a shareholder.

Issue of share certificates

Article 10 provides that the Bank shall deliver the share certificates within three months after the allotment of any of its shares or within the time that may be specified by the concerned authorities from time to time. Every shareholder shall be entitled to the share certificates in the marketable units or the total number of shares if the number of shares allotted is less than the marketable unit. Such marketable units may be determined from time to time in consultation with the Stock Exchanges where the shares are listed or in accordance with the laws, rules and regulations prevailing as amended from time to time. Bank shall not charge any amount for issuing such additional share certificates.

Delivery of certificates to joint holders
Article 10A provides that in respect of share(s) registered in the joint names of two or more persons, the Bank shall deliver share certificate(s) only to the person who is the first named joint holder on the register and such delivery shall be sufficient delivery to all.

Replacement of certificates
Article 11 provides that: (a) if a share certificate is old, decrepit or worn out or if the cages therein for recording transfers have been fully utilised, the Bank will issue a new certificate in replacement of such certificate without any charge; and (b) if a share certificate is torn, defaced or destroyed, the Bank will issue a new certificate(s) in its place without any charges provided that in each case, the old share certificate, unless it is lost or destroyed, shall be delivered to the Bank before the new share certificate is issued.

Endorsement of transfer on certificates
Article 12 provides that every endorsement upon the certificate of any share, in favour of any transferee thereof shall be signed by the Chairman or the Secretary or any other person duly authorised by the Board.

Splitting up of certificates
Article 13 provides that the Board/committee/authorised official may split/consolidate the existing shares on production of the original share certificates into marketable units or into such denomination of shares as the Board or the authorised official deems fit and reasonable.

Purchase of Bank's own shares
Article 16 provides that no part of the funds of the Bank shall be employed in the purchase of the Bank's shares except to the extent and for purposes, the shares could be bought back, as may be permitted under the Companies Act, 1956 as amended from time to time.

Calls

Power to make calls
Article 17 provides that the Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares including the premium if any, as per the terms of issue and each member shall pay to the Bank, the amount called on his shares within the time limit as may be specified by the Board. A call money may be made payable by installments or in lump-sum as the Board may deem fit.

Effective time of the call
Article 18 provides that a call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and notice thereof duly given.

Notice of calls
Article 18A provides that not less than 14 days notice of every call shall be given specifying the time and place of payment of such call and the Board of Directors may by notice in writing to the members revoke or postpone the same.

Extension of time for payment of calls
Article 19 provides that the Board may from time to time at their discretion extend the time fixed for payment of any call, to all or any of the shareholders.

Calls to carry interest
Article 20 provides that all overdue amounts in respect of any calls shall carry interest at the rate as may be decided by the Board at the time of making calls on the shares, but not exceeding the rate of interest permissible as per the provisions of the Companies Act, 1956 as amended from time to time.
Payment of calls in advance

Article 21 provides that the Board may, if it thinks fit, receive from any of the shareholders, willing to pay in advance all or any part of the moneys, uncalled and unpaid, upon any share held by him, and upon all or any of the moneys so paid in advance, may, until the call or calls in respect of which the advance is made, may not pay or pay interest at such rate, as may be agreed by the Board as is permissible under the provisions of the Companies Act, 1956 as amended from time to time. Money so paid in excess of the calls shall not rank for dividend and also for voting rights.

Partial payment not to preclude forfeiture

Article 22 provides that neither the receipt by the Bank of portion of any money, which shall be due from any shareholder to the Bank in respect of his shares, either as principal or as interest, nor any indulgence granted by the Bank in respect of the payment of any such money, shall preclude the Bank from thereafter proceeding to enforce a forfeiture of such shares.

Right of shareholder when exercisable

Article 23 provides that no person shall be entitled to exercise or claim any rights or privileges of a shareholder, until he shall have paid all calls and other moneys for the time being due on each share held by him, and in respect of which he is a defaulter.

Trust not ordinarily recognized and notice of beneficial interest

Article 24 provides that no person shall be recognised by the Bank as holding any share upon any trust and the Bank shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof of the registered holder. Without prejudice to the foregoing, the Bank may at its sole discretion take notice of the beneficial interest in shares as provided in Section 187C of the Companies Act, 1956 or any other applicable provisions, if any, as amended from time to time.

Lien

Lien on shares and dividends

Article 25 provides that the Bank shall not be entitled to any lien on its fully paid up shares. In respect of partly paid up shares the Bank shall be entitled to a first and paramount lien only to the extent of moneys called or payable at a fixed time in respect of such shares. Such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed to, registration of a transfer shall operate as a waiver of the Bank's lien (if any) on such shares.

Enforcing lien by sale

Article 26 provides that the Bank shall be entitled to give effect to such lien by sale, or forfeiture and reissue of the shares subject thereto, or by retaining all dividends and profits in respect thereof, or by any combination of the said means, but no sale or forfeiture shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell or forfeit shall have been issued to the registered address of such member his executors or administrators, and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for seven days after issue of such notice.

Purchaser's name to be entered in the register

Article 27 provides that upon any sale after forfeiture, or for enforcing a lien, in purported exercise of the powers hereinbefore given, the Bank may cause the purchaser's name to be entered in the register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person.

Appropriation of deposits and dividends towards Bank's dues

Article 28 provides that the Board shall at its liberty, at any time to appropriate the whole or any portion of the amount of deposits or dividends or any other money due by the Bank, towards the calls, debts, liabilities or engagements of the indebted shareholder or depositor, without any consent, and notwithstanding any opposition on his part, when after such debt shall have accrued due, a notice requiring payment within 14 days has been given and not complied with.

Forfeiture of equity shares

Notice to shareholder for unpaid calls

Article 29 provides that if any shareholder fails to pay any call or installment made on a share on or before the day appointed for the payment thereof, the Board may at any time thereafter during such time as any part of such call or installments remains unpaid, serve a notice on him, or post the notice to the registered address of such member, requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all expenses that have been incurred by the Bank thereon.

Form and contents of notice

Article 30 provides that the notice shall name a further day (not earlier than the expiration of 14 days from the date of notice) and a place on and at which the money due, as aforesaid is to be paid, and the notice shall also state that in the event of non-payment of such money at the time and place appointed the shares in respect of which the same is owning will be liable to be forfeited.

Power to forfeit

Article 31 provides that if the requisitions of any such notice as aforesaid are not complied with, every share, in respect of which is given, may at any time thereafter be declared forfeited by a resolution of the Board to that effect.

Notice of forfeiture

Article 32 provides that when any share is declared to be so forfeited notice of forfeiture shall be given to the holder of such share, either by advertisement in one or more newspapers published in the Mysore State, or in writing sent to the registered address of the holder of such share through the post or by messenger.

Forfeited shares become the property of the Bank

Article 33 provides that any share so forfeited shall be deemed to be the property of the Bank, and the Board may re-allot or otherwise dispose off the same in such manner as they think fit.

Cancellation of share certificate in respect of forfeited shares

Article 33A provides that upon any sale, re-issue, re-allotment or other disposal pursuant to the preceeding Articles relating to forfeiture of shares the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall on demand by the Bank have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Board of Directors shall be entitled to issue fresh certificate or certificates in respect of the said shares to the person or persons becoming entitled thereto.

Liability of the shareholder not withstanding forfeiture

Article 34 provides that a shareholder whose shares have been forfeited shall, not withstanding forfeiture, remain liable to pay and shall forthwith pay to the Bank all calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture together with interest thereon from the time of forfeiture until payment at the rate as may be determined by the Board and the Board may enforce the payment thereto if they think fit.

Effect of forfeiture

Article 35 provides that a shareholder whose shares have been forfeited shall cease to be a member of the Bank in respect of the forfeited shares and shall lose all interest in and also of all claims and demands against the Bank in respect of the shares and all dividends and bonuses due and payable in respect thereof and also all other rights incidental to the shares.

Certificate of forfeiture

Article 36 provides that a certificate in writing under hands of two Directors and countersigned by the Chairman or by the Secretary that a share of the Bank has been duly forfeited on the date stated therein, shall be conclusive evidence of the facts therein, stated as against all persons claiming to be entitled to the share. That certificate and the receipt of money for the price of such share shall constitute a good title to the share and the person to whom the share is sold or disposed off shall be registered as the holder of the share discharged from all the calls due prior to such purchase, and he shall not be bound to see to the application of the purchase money nor shall his title to the same be affected by any irregularity of invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Power to annul forfeiture

Article 37 provides that the Board at any time before any share so forfeited have been re-allotted or otherwise disposed off annul the forfeiture thereof upon such conditions as they think fit.

Transfer and transmission of shares

Application for transfer of shares

Article 38 provides that an application for the registration of transfer of shares in the Bank may be made by the Transferor or Transferee.

Execution of transfer

Article 39 (a) provides that the instrument of transfer of any shares of the Bank shall be executed both by the transferor and transferee. However, in case the shares along with the transfer deeds executed by different transferors are lodged by a single transferee one or more transfer deeds (popularly known as Jumbo transfer deeds), the same shall be considered as proper lodgement of instruments of transfer as is permissible under the provisions of different legislative provisions as amended from time to time.

Form of transfer

Article 39 (b) provides that the instrument of transfer of any share be in writing in such form as may be prescribed by rules made by the Central Government from time to time.

Transfer of shares among the beneficial owners

Article 39 (c) provides that nothing contained in clauses 39 (a) and (b) above shall apply to transfer of shares effected by the transferor and the transferee, both of whom are approved as beneficial owners in the records of a Depository.

Transfer to minor

Article 39 (d) provides that the Board of Directors may at their absolute discretion approve a minor, becoming a Member of the Bank on such terms as the Board of Directors may stipulate.

Board may decline to register a transfer

Article 40 (a) provides that the Board may decline to register any transfer of shares voluntary or otherwise without assigning any reason thereof provided that they will not decline to register or acknowledge any transfer of shares on the ground of the transferor being either alone or jointly with any person or persons, indebted to the Bank on any account whatsoever.

Transfer of not fully paid shares/ shares under lien

Article 40 (b) provides that the Board may also decline to register any transfer of shares not being a fully paid share to a person whom they do not approve of, and also may decline to register any transfer of shares on which the Bank has a lien.

Transfer beyond the limits prescribed

Article 40 (c) provides that without prejudice to the foregoing provisions and without limiting in any manner the generality of the above provisions the Board of Directors of the Bank may at their absolute discretion, refuse to register the transfer of any shares or other securities of the Bank being shares or securities issued by the Bank, in favour of any transferee whether individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise and whether in his or its own name or in the name of any other person if the paid up value of the shares or other securities intended to be so transferred, by itself or together with the paid up value of any shares or other securities already held in the Bank by such individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise shall exceed one per cent of the paid up equity share capital of the Bank or such other percentage as may be prescribed or if the Board of Directors is satisfied that as a result of the proposed transfer of any shares or securities or block of shares or securities of the Bank, a change in the composition of the Board of Directors or a change in the controlling interest of the Bank is likely to take place and that such change would be prejudicial to its interest or to the public interest. For the purpose of this Article, the Board of Directors shall be entitled inter alia, to rely upon this Article to form its own opinion as to whether such registration of transfer of any of its shares or other securities equivalent to or exceeding one per cent of the paid up equity share capital of the Bank or such percentage as may be prescribed should be refused or not.

Exemption to sub clause (c)

Article 40 (d) provides that notwithstanding anything to the contrary, the Board may at its discretion waive the applicability of the restrictive provisions contained in the preceding sub clause (c) in respect of transfer of shares or other securities in favour of: (i) Public Financial Institutions within the meaning of Section 4A of the Companies Act, 1956; (ii) public sector banks; or (iii) multilateral agencies, foreign banks and lending institutions; public sector mutual funds being mutual funds sponsored, promoted or managed by a public financial institution or a public sector bank.

RBI's prior permission for acquisition beyond limit

Article 40 (e) provides that no person or group of persons shall acquire any shares of the Bank which would take his/her/its holding to a level of five per cent or more (or such percentage as may be prescribed by the Reserve Bank of India from time to time) of the total paid up capital of the Bank, unless prior approval of the Reserve Bank of India has been obtained in this regard by such person or group of persons.

Refusal of transfer to be intimated

Article 41 (i) provides that if the transfer is refused, the Bank should intimate the applicant of the refusal to transfer within two months from the date, the application, is delivered at the Registered Office of the Bank.

Period of Delivery of share certificates

Article 41 (ii) provides that the share certificates shall be delivered within two months or within such time as may be permitted under the provisions of the Companies Act, 1956 as amended from time to time, from the date of delivery of application for transfer, if transfer is allowed.

Transfer not binding without Board's approval

Article 42 provides that transfer of shares, voluntary or otherwise, transmission of shares, split, consolidation, issue of duplicate share certificate or any sort of issuing share certificates shall be recognised as binding on the Bank if it is approved by the Board, the committee of the Board, any official, any outside agency or persons as may be authorised by the Board/committee from time to time.

Valid transfer instrument

Article 43 provides that the Board may decline to recognise any instrument of transfer unless: (a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (b) the instrument of transfer is duly stamped. The Bank shall not charge any fee in respect of transfer or transmission of any shares lodged with the Bank for registration.

Acceptance of application for transfer of minimum 50 shares

Article 43A provides that the Directors shall not accept application for transfer of less than 50 (fifty) shares of the Bank provided, however, that this restriction shall not apply to: (a) the transfer of shares made in pursuance of a statutory provision or an order of a court of law or in case of transmission of shares; (b)the transfer of the entire shares by an existing shareholder of the Bank holding less than 50 (fifty) shares by a single transfer to a single or joint name(s); and (c) the transfer of more than 50 (fifty) shares in the aggregate in favour of the same transferee under two or more transfer deeds out of which one or more relate/s to the transfer of less than 50 (fifty) shares.

Production of share certificate for transfer

Article 44 provides that prior to the registration of a transfer the transferee shall produce for the inspection of the Board, the certificate of the share to be transferred and on such production the transfer shall be endorsed on the certificate and returned to the transferee.

Production of evidence of title

Article 45 provides that the instrument of transfer shall be present to the Bank with such evidence as the Board may require to prove the title of the transferee and generally under and subject to such conditions and regulations as the Board shall from time to time prescribe. All the instruments of transfers which the Board/committee/authorised officials may decline to register shall on demand be returned to the persons depositing the same. The Board/committee/authorised officials may cause to be destroyed all transfer deeds lying with the Bank after such period as may be prescribed.

Closure of register of Members

Article 46 provides that the Bank may, after giving not less than seven days previous notice by advertisement in some newspapers circulating in the District in which the Registered Office of the Bank is situated, close the

register of members for any period or periods not exceeding in the aggregate forty five days in each year, but not exceeding thirty days at any one time.

Recognition of a legal representative of deceased shareholder

Article 47 provides that: (1) on the death of a member, the survivor or survivors where the member was joint holder, and his legal representatives where he was the sole holder, shall be the only person recognised by the Bank as having title to his interest in the shares, provided that it shall be lawful for the Directors in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit; and (2) nothing in clause (1) shall release the estate of deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Nomination

Article 47A provides that: (1) notwithstanding any thing contained in other articles of the Articles of Association, every single shareholder of the Bank may, at any time, nominate in the prescribed manner, a person to whom his shares in the Bank shall vest in the event of his death; (2) where the shares in the Bank are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares of the Bank shall vest in the event of death of all the joint holders; (3) notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in the Bank, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in the Bank, the nominee shall, on the death of the shareholder, or on the death of the joint holders, become entitled to all the rights in the shares of the Bank, all the joint holders, in relation to such, as the case may be, shares in the Bank, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner; and (4) where the nominee is a minor, it shall be lawful, for the holder of the shares to make the nomination to appoint in the prescribed manner, any person to become entitled to share(s) of the Bank in the event of his death during the minority.

Article 47B provides that: (i) a nominee, upon production of such evidence, as may be required by the Board and subject as hereinafter provided, elect, either (a) to be registered himself as holder of the share or; (b) to make such transfer of the share as the deceased shareholder could have made; (ii) if the nominee elects to be registered as holder of the share(s), himself, he shall deliver or send to the Bank, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder; (iii) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were registered holder of the share(s), except that he shall not, before being registered as a member in respect of his share(s), be entitled in respect of any right conferred by membership in relation to meetings of the Bank. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of shares, until the requirements of the notice have been complied with.

No liability for disregarding any notice prohibiting transfer

Article 48 provides that the Bank shall not be liable for affecting a transfer of a share in favour of any apparent legal owner notwithstanding that the Bank may have had notice prohibiting such transfer by any person claiming any right, title or interest in the same.

Registration in case of transfer by operation of law

Article 49 provides that any person becoming entitled to shares in consequence of the death or insolvency of any member, upon producing proper evidence that he sustains the character in respect of which he proposes to act under this clause or of his title, as the Directors think sufficient, may, with the consent of the Directors, which they shall not be under any obligations to give, be registered as a member in respect of such shares, or may subject to the regulations as to transfer hereinbefore contained, transfer such shares.

Board's right to decline registration of transfer even by transmission

Article 50 provides that the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in an ordinary transfer presented for registration. If the Directors refuse to register any such transmission or right, they shall give notice of such refusal to the person giving intimation of such transmission.

Alteration of Capital

Increase of Capital

Article 51 provides that the Bank may, from time to time, by ordinary resolution, increase the share capital by the creation of further shares of such amount as may be deemed expedient.

Further Capital to be part of original Capital
Article 53 provides that any capital so raised shall, except so far as is otherwise, directed by any such resolution as aforesaid, be considered as part of the original capital and shall be subject to the same provisions with reference to the payment of call, installment, lien, transfer and transmission, forfeiture, voting and otherwise.

Allotment of further shares
Article 54 provides that notwithstanding anything to the contrary contained in the other Articles of this Articles of Association, further shares may be offered and allotted at the discretion of the Board either to the existing shareholders or to others subject to the provisions of Sections 81(1) and 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and rules and regulations as may be applicable and amended from time to time.

Consolidation/ sub division/cancellation of shares
Article 55 provides that the Bank may, by ordinary resolution: (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the memorandum subject to the provisions of the Companies Act, 1956; or (c) cancel any share which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Reduction of share capital
Article 56 provides that subject to confirmation by the Court, and following the procedure that may be laid in the provisions of the Companies Act, 1956, the Bank may, by special resolution, reduce its share capital in any way; and in particular and without prejudice to the generality of the foregoing power, may (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; (b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost, or is unrepresented by available assets; or (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Bank.

General Meetings

Annual General Meetings
Article 57 (a) provides that the Directors shall in addition to any other meetings hold a General Meeting which shall be styled as Annual General Meeting at the intervals, and in accordance with the provisions, specified below: (i) Annual General Meeting shall be held by Bank within such time as may be permitted under the Companies Act, 1956 and/or Banking Regulation Act, 1949 for the time being in force as may be amended from time to time; (ii) not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next; and (iii) every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held either at the Registered Office of the Bank or at some other place, within the city, town or village in which the Registered Office of the Bank is situated.

Extraordinary General Meetings
Article 57 (b) provides that all General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Who may call for Extraordinary General Meetings
Article 58 provides that the Directors, may whenever they think fit, convene an Extraordinary General Meeting and they shall, on the requisition of members of the Bank representing not less than one-tenth of such of the paid-up capital of the Bank as at the date of deposit of the requisition carried the right of voting in that matter forthwith proceed duly to call an Extraordinary General Meeting and in the case of such requisition the following provisions shall have effect: (i) the requisition shall set out the matters for the consideration of which the meeting is called and shall be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more of the requisitionists; (ii) if the Directors do not, within twenty one days from date of the deposit of a valid requisition proceed duly to convene a meeting on a day not later than 45 days from the date of deposit of the requisition the meeting may be called by the requisitionists themselves or such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Bank as at that date carries the right of voting, whichever is less, but any meeting so convened shall not be held after three

months from the date of deposit of the requisition; (iii) in the case of a meeting at which a resolution is to be proposed as a Special Resolution, the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by sub-section (2) of Section 189 of the Companies Act, 1956, or any statutory modifications thereof; and (iv) any meeting convened under this clause by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Circulation of Members' resolutions

Article 59 provides that the Directors shall, on the requisition in writing of members representing not less than one-twentieth of the total voting power of all the members having at the date of the requisition a right to vote on the resolution or business to which the requisition related or not less than 100 members having the right aforesaid and holds shares on which there has been paid up an aggregate sum of not less than Rs. 0.1 million in all, give to members of the Bank entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting along with any statement supplied by the requisitionists in accordance with the provisions of Section 188 of the Companies Act, 1956, or any statutory modifications thereof.

Period of notice and persons to whom is to be given

Article 60 provides that: (a) a General Meeting of the Bank may be called by giving not less than twenty one days notice in writing or after giving such shorter notice as provided for in Section 171(2) of the Companies Act, 1956, or any statutory modifications thereof; and (b) notice of every meeting of the Bank shall be given: (i) To every member of the Bank; (ii) to the person entitled to a share in consequence of death or insolvency of a member; and (iii) to the Auditor or Auditors for the time being of the Bank in the manner provided for in Section 172 of the said Act or any statutory modifications thereof.

Effect of accidental omission to give notice

Article 61 provides that the accidental omission to give notice of any meeting to, or the non receipt of any such notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Proceedings at General Meetings

Ordinary and special business in Annual General Meetings

Article 62 provides that the business of an Annual General Meeting shall be the consideration of the accounts, balance sheet and reports of the Board of Directors and Auditors, the declaration of dividend, the appointment of Directors in the place of those retiring and the appointment of and the fixing of the remuneration of the Auditors. All other business transacted at an Annual General Meeting and all business transacted at any other meeting will be deemed special.

Quorum for General Meetings

Article 63 provides that (1) the quorum for a general meeting shall be five members personally present; and (2) No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.

Procedure if there is no quorum

Article 64 provides that: (1) if within half an hour from the time appointed for holding a meeting of the Bank, the quorum is not present the meeting if convened upon requisition of members, shall stand dissolved; (2) in any other case the meeting shall stand adjourned to the same day in the next week, at the same time and place or if that day is public holiday, till the next succeeding day which is not a public holiday at the same time and place or such other day, and at such other time and place as the Board may determine; and (3) if at the adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, any two members who are personally present shall be quorum and may transact business for which the meeting was called.

Chairman of General Meetings

Article 65 provides that the Chairman of the Board shall, if present and willing, preside as Chairman at every general meeting of the Bank. If there is no Chairman, or if he is unwilling to take the chair, or if at any meeting he is not present within 30 minutes after the time appointed for holding the meeting, the members present shall choose one of the Directors present to be the Chairman. If only one Director be present he shall be the Chairman of the meeting, but if he also declines the members present shall elect any shareholder as Chairman.

Adjournment of meetings by Chairman and business thereat

Article 66 provides that the Chairman of a General Meeting, may adjourn the meeting from time to time and from place to place but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjourned meeting took place.

Resolutions how decided

Article 67 provides that: (1) at any General Meeting, a resolution put to vote of the meeting shall, unless a poll is demanded, be decided on a show of hands; and (2) the Chairman shall, both on a show of hands and at poll, if any, have a second or casting vote in addition to his own.

Declaration of Chairman as to resolution being carried or lost, effect of

Article 68 provides that a declaration by the Chairman of any meeting that on a show of hands a resolution has or has not been carried, or has not been carried either, unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Bank, shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour of or against such resolution.

Chairman to be the judge of validity of any vote

Article 68A provides that the Chairman of any meeting shall be the sole judge of the validity of every vote tendered either on a show of hands or on a poll at such meeting.

Demand for poll

Article 69 provides that: (1) at any General Meeting before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Bank: (i) which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or (ii) on which an aggregate sum of not less than fifty thousand rupees has been paid-up, or (iii) By such number of members or members carrying such percentage of voting rights or such members having such amount of paid up capital as may be stipulated under the provisions of the Companies Act, 1956 from time to time; and (2) the demand for poll may be withdrawn at any time by the person or persons who made the demand.

Results by Poll

Article 70 provides that if a poll is demanded as aforesaid it shall be taken in such manner and at such time not being later than forty eight hours from the time when the demand was made, as the Chairman of the meeting directs and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same, and such determination made in good faith shall be final and conclusive.

Poll regarding election of Chairman

Article 71 provides that any poll demanded on the election of Chairman of a meeting or on any question of adjournment shall be taken forthwith. If a poll is demanded on the election of Chairman, the Chairman elected on a show of hands shall exercise all the powers of Chairman. If some other person is elected Chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

Other business to be transacted pending the taking of poll

Article 72 provides that the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Scrutineers at poll

Article 73 provides that where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause. Of the two scrutineers appointed under this Article one shall always be a member (not being an officer or employee of the Bank) present at the meeting, provided such a member is available and willing to be appointed.

Chairman to regulate manner of taking poll

Article 74 provides that the Chairman of the meeting shall have power to regulate the manner in which poll shall be taken.

Extent of voting right of shareholders

Article 75 provides that on a show of hands every member present in person shall have one vote and on a poll every member shall have voting rights in proportion to his share of paid up capital (face value) of the Bank provided that no shareholder shall have more than 10.00% or such percentage, as may be permitted under the prevailing laws as may be amended from time to time, of total voting rights of all the shareholders of the Bank, irrespective of the number of shares held by him. But no shareholder shall exercise any voting rights in respect of any shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Bank has, and has exercised, any right of lien.

Non-voting rights

Article 75A provides that notwithstanding anything contained in any other Article, but subject to the provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Board may, from time to time and at any time, issue to any person(s), as it may deem proper, shares, whether equity, preference or any other class, or any other financial instruments or securities, by whatever name called, with non-voting rights and the shares/instruments/securities so issued may carry rights as to dividend, Capital or otherwise which may be disproportionate to the rights attached to the other shares or securities of the Bank.

Right of joint holders

Article 76 provides that if there be joint registered holders of any share, the shareholder whose name stands first on the register and no other shall be entitled to speak or vote in the general meeting but the other or others of the joint holders shall be entitled to be present at the general meeting but not to speak or vote.

Voters in respect of insane Members

Article 77 provides that a Member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian of such committee or guardian may, at a poll vote by proxy.

Rights of proxies

Article 78 provides that any member of a Bank entitled to attend and vote at a meeting of the Bank shall be entitled to appoint another person, whether a member or not, as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

Form of proxy

Article 79 provides that the Instrument appointing a proxy shall be in writing: and be signed by the appointer or his attorney duly authorised in writing. A person may be appointed a proxy though he is not a member of the Bank.

Deposit of instrument of proxy and the time for deposit

Article 80 provides that the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of authority shall be deposited at the Registered Office of the Bank not less than forty eight hours before the time for holding the meeting at which the person named in such instrument proposes to vote; and in default the instrument of proxy shall not be treated as valid.

Continuance of the validity of the proxy in spite of death, etc., of principal

Article 81 provides that a vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Bank at its office or by the Chairman of the meeting before the commencement of the meeting or adjourned meeting at which the proxy is used.

Form of instrument of proxy

Article 82 provides that every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit, be in one of the forms prescribed under Schedule IX to the Companies Act, 1956 or in any form as may be prescribed from time to time.

Audit

Accounts to be audited annually
Article 133 provides that once in every year the accounts of the Bank shall be examined and the correctness thereof and of the Balance Sheet ascertained by the auditor or auditors of the Bank.

Appointment of auditors
Article 134 provides that the Bank at each Annual General Meeting shall appoint an auditor or auditors to hold office from the conclusion of that meeting until the next Annual General Meeting, and shall within seven days, or such period as may be prescribed under the Companies Act, 1956 from time to time, of appointment giving intimation thereof to every auditor so appointed, unless he is a retiring auditor. The Bank may also appoint if it deems fit, auditor and auditors to inspect branches as provided in Section 228 of the Companies Act, 1956. Their appointment, retirement, remuneration, rights and duties shall be governed by the Companies Act, 1956 and the Banking Regulation Act, 1949.

When accounts are conclusive
Article 135 provides that audited accounts when approved by a General Meeting shall be conclusive except as regards any error therein discovered within 3 months next after the approval thereof. Whenever any such error is discovered within this period, the accounts shall forthwith be corrected by the Board and hence forth shall be conclusive.

Dividends

Annual dividends
Article 136 provides that the Bank in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. All dividends shall be declared in relation to the nominal value of shares and shall be payable only in respect of such shares where there are no calls in arrears.

Dividends only out of the net profits
Article 137 provides that no dividend is payable except out of the net profit, arising out of the business of the Bank and no dividend shall carry interest as against the Bank.

Interim dividend
Article 138 provides that the Directors may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Bank.

Lien on dividends
Article 139 provides that the Directors may retain any dividend and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Notice of dividend
Article 140 provides that notice of the declaration of any dividend, whether interim or otherwise, shall be given to the registered holder of share in the manner hereinafter provided.

Transfer of shares not to pass right to declared dividends
Article 141 provides that a transfer of shares shall not pass right of dividend declared thereon before registration of the transfer.

Dividend warrants
Article 142 provides that as soon as possible, but within 42 days after the dividend has been declared, dividend warrants shall be issued to shareholders and made payable to or to the order of the person to whom it is issued or such dividend amount be credited to the account of the shareholder with any bank through Electronic Clearing System (ECS) or through any other system adopted by the Depositories.

Discharge of dividend amount by any of joint holders sufficient
Article 144 provides that any one of two or more joint holders of a share may give effectual receipts for all dividends, bonuses or other moneys payable in respect of such share.

Unclaimed dividends
Article 145 provides that all unpaid dividends which remain unclaimed or unpaid for a period of seven years from the date of such transfer to the unpaid dividend account shall be transferred to Investors Education and

Protection Fund established under sub-section (1) of Section 205C of the Companies Act, 1956. No claim from the shareholder will be entertained after such transfer to the Fund.

Capitalisation of profits

Article 145A provides that: (1) the Bank in General Meeting may, upon the recommendation of the Board, resolve (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Bank's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in same proportion; (2) the sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (3), either in or towards (i) paying up any amounts for the time being unpaid on shares held by such members respectively; (ii) paying up in full, unissued shares as bonus shares of the Bank to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; or (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii); (3) a share premium account and a capital redemption reserve account may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Bank as fully paid bonus shares; and (4) The Board shall give effect to the resolution passed by Bank in pursuance of this regulation.

Power of Directors for declaration of bonus

Article 145B provides that: (1) whenever such a resolution as aforesaid shall have been passed, the Board shall (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any, and b) generally do all acts and things required to give effect thereto; (2) the Board shall have full power (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise, as it thinks fit, for the case of shares becoming distributable in fraction; and also (b) to authorise any person to enter on behalf of all the members entitled thereto, into an agreement with the Bank providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Bank on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares; and (3) any agreement made under such authority shall be effective and binding on all such members.

Winding up

Article 165 provides that: (1) if the Bank shall be wound up, the liquidator may, with sanction of a special resolution of the Bank and any other sanction required by the Companies Act, 1956, divide amongst the members in specie or in kind, the whole or any part of the assets of the Bank whether they shall consist of property of the same kind or not; (2) for the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members; and (3) the liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

We hereby confirm that the information provided below states the possible tax benefits available to ING Vysya Bank Limited ("the Bank") and its shareholders under the relevant direct tax laws presently in force in India. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax law. Hence, the ability of the Bank or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives, the Bank or its shareholders may or may not fulfil.

The benefits discussed below are not exhaustive and preparation of the contents stated herein is the responsibility of the Bank's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences and the changing tax provisions, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on our understanding of the business activities and operations of the Bank and the interpretation of tax laws presently in force in India.

We do not express any opinion or provide any assurance as to whether:

- The Bank or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/ would be met.

I. Income-tax Act, 1961

A) To the Bank:

1. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Income-tax Act, 1961 (herein after referred to as 'the Act') as may be applicable, in accordance with and subject to the conditions and limits as may be specified in notifications.

2. Dividends earned by the Bank from investment in an Indian Company are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

3. Income earned by the Bank from investment in units of a specified Mutual Fund is exempt from tax under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.

   Further, as per section 94(8) of the Act, if an investor purchases units within three months prior to the record date, is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/ redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.

4. Income earned by the bank from Securitisation Trust - The Finance Act, 2013, provides a special taxation regime for securitisation trust, by exempting the Securitisation Trust from income tax and levying tax on distributed income to the investors. Tax is proposed to be paid by the securitisation trust on any income distributed to a corporate investor at an effective rate of 33.99% (including surcharge @

10% and education cess @ 3%). Further, income received by the investor from the securitisation trust by way of distributed income is exempt in their hands.

.

5. Any expenditure incurred to earn tax exempt income is not a tax deductible expenditure under Section 14A of the Act.

6. Under section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts of the Bank is allowable as a deduction from the Bank's total income. However, the deduction is limited to the amount by which such bad debts or part thereof, exceeds the credit balance in the provision for bad and doubtful debts account made under section 36(1)(viia) of the Act, and further subject to compliance with section 36(2)(v) of the Act which requires that such debt or part thereof should have been debited to the provision for bad and doubtful debts account.

   Section 36(1)(vii) of the Act is amended by the Finance Act, 2013, to clarify that for the purpose of the proviso to Section 36(1)(vii) of the Act and Section 36(2)(v) of the Act, the provision for bad and doubtful debts account mentioned refers to only one account under Section 36(1)(viia) of the Act, which relates to all types of advances, including advances made by rural branches.

7. Under section 36(1)(viia) of the Act, a deduction is allowable in respect of any provision made for bad and doubtful debts, by an amount not exceeding 7.5% of total income (computed before making any deduction under this section and Chapter VIA) and an amount not exceeding 10% of the aggregate average advances made by rural branches of the Bank computed in the prescribed manner.

   As per the third proviso to the section and subject to the conditions specified therein, the Bank at its option is allowed a further deduction for an amount not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government.

8. Under section 36(1)(viii) of the Act, subject to the conditions specified therein, a deduction is allowable in respect of an amount not exceeding 20% of the profits derived from eligible business [viz., providing long-term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India for residential purposes] provided such amount is carried to a special reserve account created and maintained by the Bank for this purpose. Provided further that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the Bank, no allowance under this clause shall be made in respect of such excess.

9. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession.

10. The interest income on certain categories of bad and doubtful debts, as specified in Rule 6EA of the Income-tax Rules, 1962, is chargeable to tax only in the year of receipt or credit to the profit & loss account of the Bank whichever is earlier, in accordance with the provisions of section 43D of the Act.

B) To the Resident shareholders:

1. Dividends earned on shares of the Bank are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months

prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. Long term capital gain arising on sale of Bank's shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.

3. Any expenditure incurred to earn tax exempt income is not a tax deductible expenditure under Section 14A of the Act.

4. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

5. Under section 54EC of the Act, long term capital gain arising on sale of the Bank's shares [other than the sale referred to in section10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lakhs) for a minimum period of three years.

6. Under section 54F of the Act, long term capital gain arising to an individual or a HUF on sale of the Bank's shares [other than the sale referred to in section 10(38) of the Act] is exempt from tax if the net consideration is invested, subject to conditions specified in section 54F of the Act, to purchase a residential house property within a period of one year before or two years after the date of sale/ transfer or invested in the construction of a residential house property within a period of three years after the date of transfer and subject to fulfilment of other conditions specified therein. If only a part of the net consideration is invested in the new asset then the exemption will be available proportionately.

7. Taxable long term capital gains would arise [if not exempt under section 10(38) or any other section of the Act] to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

   (a) Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and
   (b) Expenditure incurred wholly and exclusively in connection with the transfer of shares

8. Under sections 70, 71 and 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. The excess / balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent years' short term and as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long-term capital gains. The excess / balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

9. Under section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation, in cases where securities transaction tax is not levied.

10. Short term capital gains on the transfer of equity shares, where the shares are held for a period of not more than 12 months would be taxed at 15% (plus applicable surcharge and education cess), where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and education cess). Cost indexation benefits would not be available in computing tax on short term capital gain.

C) To Non-Resident shareholders including Non Resident Indians (NRIs) and Foreign Institutional Investors (FIIs):

1. Dividends earned on shares of the Bank are exempt in accordance with and subject to the provisions of section 10(34) read with Section115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. Long term capital gain arising on sale of Bank's shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October, 1 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.

3. Any expenditure incurred to earn tax exempt income is not a tax deductible expenditure under Section 14A of the Act.

4. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

5. Under section 54EC of the Act, long term capital gain arising on sale of the Bank's shares [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lakhs) for a minimum period of three years.

6. Under section 54F of the Act, long term capital gain arising to an individual or a HUF on sale of the Bank's shares [other than the sale referred to in section 10(38) of the Act] is exempt from tax if the net consideration is invested, subject to conditions therein, to purchase a residential house property within a period of one year before or two years after the date of sale/ transfer or invested in the construction of a residential house property within a period of three years after the date of transfer and subject to fulfilment of other conditions specified therein. If only a part of the net consideration is invested in the new asset then the exemption will be available proportionately.

7. Long term capital gains would arise [if not exempt under section 10(38) or any other section of the Act] to a non-resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

   (a) Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and
   (b) Expenditure incurred wholly and exclusively in connection with the transfer of the shares

   Section 48 of the Act further provides that capital gains arising from the transfer of equity shares acquired by the non-resident in foreign currency, are to be computed by converting the cost of

acquisition/ improvement, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing as a result of transfer of the capital asset into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed in such foreign currency shall be reconverted into Indian currency. Indexation will not be available in this case.

8. Under sections 70, 71 and 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. The excess / balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent years' short term and as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long-term capital gains. The excess / balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

9. Under section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation. However, in case of listed securities or units, the amount of such tax may be limited to 10% (plus applicable surcharge and cess), without indexation where securities transaction tax is not levied.

10. Short term capital gains on the transfer of equity shares, where the shares are held for a period of not more than 12 months would be taxed at 15% (plus applicable surcharge and education cess), where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and education cess). Cost indexation benefits would not be available in computing tax on short term capital gain.

11. Option available to Non-resident Indians as per Chapter XII-A of the Act:

(i) Under section 115E of the Act, long term capital gains arising to a NRI on transfer of specified capital assets (including the Bank's equity shares) acquired out of convertible foreign exchange, are taxable at the rate of 10% (plus education cess) without indexation. Short-term capital gains are however, taxable at the normal rates of tax.

(ii) Under section 115F of the Act, long-term capital gains arising to a NRI from the transfer of shares of the Bank acquired in convertible foreign exchange shall be exempt from tax, if the net consideration is reinvested in specified asset or in any savings certificate as defined by section 10(4B) of the Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

(iii) Under section 115G of the Act, a NRI is not required to file a return of income under section 139(1) of the Act, if his only income is from foreign exchange asset investments or long-term capital gains in respect of those assets or both, provided that tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

(iv) As per the provisions of section 115-I of the Act, a NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed and tax on such total income shall be charged in accordance with the other provisions of the Act.

12. As per section 115AD of the Act, long term capital gains arising on transfer of shares purchased by FIIs, are taxable at the rate of 10% (plus applicable surcharge and education cess) if such long term capital gains are not exempt under section 10(38) of the Act.

Short term capital gains earned by FIIs are taxable at the rate of 15% (plus applicable surcharge and education cess) if the transaction is chargeable to securities transaction tax [proviso to section 115AD(1)(ii)]. In all other cases the short term capital gains shall be taxed at 30% (plus applicable surcharge and education cess). Indexation benefits are not available. Further, the provisions of the first proviso of section 48 of the Act will not apply.

13. Dividends paid by the Bank are not subject to deduction of tax at source under section 195 of the Act.

14. Under Section 196D of the Act, no deduction of tax at source shall be made in respect of capital gains arising on sale proceeds to FIIs on transfer of shares (including shares of the Bank).

15. Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the double tax avoidance agreement ('tax treaty') entered into between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial as per section 90(4)of the Act. The nonresident would have to obtain a TRC to be eligible for the benefits under the tax treaty.

D) To Mutual Funds:

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Bank) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

II. Wealth Tax:

Shares are not treated as assets within the meaning of Section 2(ea) of the Wealth-tax Act, 1957. Accordingly, shares purchased in the issue are not liable to Wealth-tax in the hands of the shareholders.

Notes:

1. All the above benefits are as per the current tax law.

2. The above statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.

3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the tax treaty, if any, between India and the country of which the non-resident is a resident.

4. No assurance is given that the Revenue authorities / Courts will concur with the view expressed herein. Our view is based on the existing provisions of law and its interpretation which is subject to change from time to time. We do not assume responsibility to update our view consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

Material United States Federal Income Tax Considerations

The following is a summary of the material U.S. Federal income tax considerations of purchasing, owning and disposing of Equity Shares. It is not a comprehensive description of all of the U.S. Federal income tax considerations that may be relevant to a particular investor's decision to acquire Equity Shares. Each prospective investor should consult its own tax advisors concerning the U.S. Federal tax consequences, as well as the state, local and non-U.S. tax consequences, of purchasing, owning and disposing of Equity Shares based on such investor's particular circumstances. This discussion applies only to investors who acquire Equity Shares in the Issue and hold the Equity Shares as capital assets for U.S. Federal income tax purposes (generally, for investment). This section does not apply to any investor that is subject to special rules under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), including:

- a dealer in securities or foreign currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank or financial institution;
- a retirement plan;
- a tax-exempt organization;
- a regulated investment company, real estate investment trust, S corporation or partnership;
- a life insurance company;
- a holder liable for alternative minimum tax;
- a holder that actually or constructively owns 10% or more of the Company's voting stock;
- a holder that is a U.S. expatriate or former long-term resident of the United States;
- a holder that holds Equity Shares as part of a straddle or a hedging or conversion transaction; or
- a U.S. Holder whose functional currency is not the U.S. Dollar.

This section is based on the Code, its legislative history, existing and proposed U.S. Treasury Regulations, the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed September 12, 1989 (the "India-U.S. Tax Convention"), as amended, and published rulings of the U.S. Internal Revenue Service (the "IRS") and U.S. court decisions, all as in effect on the date of this document. These laws are subject to change or to different interpretation, possibly on a retroactive basis. The discussion below also is based on the accuracy of certain factual representations made by the Company and could be materially incorrect if such factual representations prove to be incorrect.

A "U.S. Holder" is a beneficial owner of Equity Shares that is:

- a citizen or resident of the United States;
- a U.S. corporation or other entity treated as a U.S. corporation for U.S. Federal income tax purposes;
- an estate whose income is subject to U.S. Federal income tax regardless of its source; or
- a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

If a partnership (including an entity treated as a partnership for U.S. Federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. Federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a partnership (or an entity treated as a partnership) and partners in such partnership should consult their own tax advisors about the U.S. Federal income tax consequences of purchasing, owning and disposing of Equity Shares.

A "non-U.S. Holder" is a beneficial owner of Equity Shares that is not a U.S. Holder.

Passive Foreign Investment Company Considerations

Based on the Company's current operations and projections, the Company does not believe that it is, or will become in the foreseeable future, a "passive foreign investment company" ("PFIC"). However, the Company's PFIC status is not free from doubt due to a lack of legal guidance in the pertinent notices and proposed U.S. Treasury Regulations under the PFIC rules and the fact that the Company's PFIC status is determined annually based on the type of income we earn and the value of our assets. The Company has based the expectation that it is not a PFIC on, among other things, provisions in proposed U.S. Treasury Regulations under the PFIC rules, its regulatory status, the nature of its business activities, and the composition of its income and assets. Since the manner of the application of the proposed U.S. Treasury Regulations is not entirely clear (and there can be no

assurance that the proposed regulations will be finalized in their current form) and the composition of our income and assets will vary over time, there can be no assurance that we will not be considered a PFIC for any fiscal year.

If the Company were a PFIC for any year during a U.S. Holder's holding period, certain potentially adverse rules will affect the U.S. Federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of Equity Shares. In addition, such U.S. Holder may be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidelines may require.

The Company generally will be a PFIC under Section 1297 of the Code if, for a tax year, (a) 75% or more of the gross income of the Company for such tax year is passive income (the "income test") or (b) 50% or more of the value of its average quarterly assets held by the Company either produce passive income or are held for the production of passive income, based on the fair market value of such assets (the "asset test"). "Gross income" generally means all sales revenues less the cost of goods sold, and "passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions except for gross income qualifying for an exception provided in the PFIC rules for income derived from an active banking business.

In addition, for purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, "passive income" does not include any interest, dividends, rents, or royalties that are received or accrued by the Company from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

If the Company were a PFIC in any tax year and a U.S. Holder held Equity Shares, such U.S. Holder generally would be subject to special rules with respect to "excess distributions" made by the Company on the Equity Shares and with respect to gain from the disposition of Equity Shares. An "excess distribution" generally is defined as the excess of distributions with respect to the Equity Shares received by a U.S Holder in any tax year over 125% of the average annual distributions such U.S. Holder has received from the Company during the shorter of the three preceding tax years, or such U.S. Holder's holding period for the Equity Shares. Generally, a U.S. Holder would be required to allocate any excess distribution or gain from the disposition of the Equity Shares ratably over its holding period for the Equity Shares. Such amounts allocated to the year of the disposition or excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years would be taxed as ordinary income at the highest tax rate in effect for each such year and an interest charge at a rate applicable to underpayments of tax would apply.

While there are U.S. Federal income tax elections that sometimes can be made to mitigate these adverse tax consequences (including, without limitation, the "QEF Election" and the "Mark-to-Market Election"), such elections are available in limited circumstances and must be made in a timely manner. U.S. Holders should be aware that, for each tax year, if any, that the Company is a PFIC, the Company will not satisfy the record keeping requirements or make available to U.S. Holders the information required for such U.S. Holders to make a QEF Election under Section 1295 of the Code with respect of the Company. U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules to the ownership and disposition of Equity Shares and the availability of certain U.S. tax elections under the PFIC rules.

Distributions

U.S. Holders. Subject to the discussion above under "—Passive Foreign Investment Company Considerations," a U.S. Holder that receives a distribution, including a constructive distribution, with respect to an Equity Share will be required to include the amount of such distribution in gross income as a dividend to the extent of the current or accumulated "earnings and profits" of our Company, as computed for U.S. Federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of our Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Equity Shares and thereafter as gain from the sale or exchange of such Equity Shares (see "Sale or Other Taxable Disposition of Equity Shares" below.) However, our Company does not intend to maintain the calculations of earnings and profits in accordance with U.S. Federal income tax principles, and each U.S. Holder should therefore assume that any distribution by our Company with respect to the Equity Shares will constitute

ordinary dividend income. Dividends received on Equity Shares generally will not be eligible for the "dividends received deduction."

Subject to potential application of the PFIC rules above, a dividend paid by our Company to a U.S. Holder who is an individual, estate or trust generally will be taxed at the preferential tax rates applicable to long-term capital gains if our Company is a "qualified foreign corporation" (a "QFC") and certain holding period requirements for the Equity Shares are met. Our Company generally will be a QFC if it is eligible for the benefits of the income tax treaty between the United States and India.

Dividends received generally will be income from non-U.S. sources for foreign tax credit limitation purposes. Such non- U.S.-source income generally will be "passive income" which is treated separately from other types of income for purposes of computing the allowable foreign tax credit. U.S. Holders should consult their own tax advisors regarding the foreign tax credit implications of owning Equity Shares.

The amount of the dividend distribution that must be included in income as a U.S. Holder will be the U.S. Dollar value of the Rupee payments made, determined at the spot Rupee to U.S. Dollar exchange rate on the date the dividend distribution is includible in income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date dividend payment is included in income to the date the payment is converted into U.S. Dollars will be treated as ordinary income or loss. Such gain or loss generally will be income or loss from U.S. sources for foreign tax credit limitation purposes.

If the preferential tax rates discussed above do not apply, a dividend paid by the Company to a U.S. Holder generally will be taxed at ordinary income tax rates. The rules applicable to dividends are complex, and each U.S. Holder should consult its own tax advisors regarding the application of such rules.

Non-U.S. Holders. Dividends paid to Non-U.S. Holders generally will not be subject to U.S. Federal income tax unless the dividends are "effectively connected" with such Non-U.S. Holder's conduct of a trade or business within the United States, and, if required by an applicable income tax treaty as a condition for subjecting a Non-U.S. Holder to U.S. Federal income taxation on a net income basis, the dividends are attributable to a permanent establishment maintained in the United States. In such cases, a Non-U.S. Holder generally will be subject to U.S. Federal income tax in the same manner as a U.S. Holder. For corporate Non-U.S. Holders, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or a lower rate if the Non-U.S. Holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

Sale, Exchange or Other Disposition of Equity Shares

U.S. Holders. Subject to the discussion above under "—Passive Foreign Investment Company Considerations," a U.S. Holder that sells or otherwise disposes of its Equity Shares generally will recognize capital gain or loss for U.S. Federal income tax purposes equal to the difference between the U.S. Dollar value of the amount realized and the tax basis, determined in U.S. Dollars, in its Equity Shares. Gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the Equity Shares have been held for more than one year. Preferential rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code. The gain or loss generally will be income or loss from U.S.-sources for foreign tax credit purposes. Capital gains realized by a U.S. Holder upon the sale of Equity Shares may be subject to certain taxes in India. Due to limitations on foreign tax credits, however, a U.S. Holder may be unable to utilize such taxes as a credit against the U.S. Holder's Federal income tax liability on such capital gains. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisors regarding the application of the foreign tax credit rules to such U.S. Holder.

Non-U.S. Holders. A Non-U.S. Holder generally will not be subject to U.S. Federal income tax on gain recognized on the sale or other disposition of Equity Shares unless:

- the gain is "effectively connected" with the conduct of a trade or business in the United States, and, if required by an applicable income tax treaty as a condition for subjecting a Non-U.S. Holder to U.S. Federal income taxation on a net income basis, the gain is attributable to a permanent establishment that maintained in the United States; or

- the Non-U.S. Holder is an individual present in the United States for 183 or more days in the taxable year of the sale and certain other conditions are met.
-

In the first case, the Non-U.S. Holder generally will be subject to U.S. Federal income tax in the same manner as a U.S. Holder. In the second case, the Non-U.S. Holder generally will be subject to U.S. Federal income tax at a rate of 30% on the amount by which such Non-U.S. Holder's U.S.-source capital gains exceed such Non-U.S. Holder's U.S.-source capital losses.

For corporate Non-U.S. Holders, "effectively connected" gains also may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if the Non-U.S. Holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

Additional Tax on Passive Income

For tax years beginning after December 31, 2012, certain individuals, estates and trusts whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surtax on "net investment income" including, among other things, dividends and net gain from disposition of property (other than property held in a trade or business). U.S. Holders should consult their own tax advisors regarding the application of this tax on their ownership and disposition of Equity Shares.

Backup Withholding and Information Reporting

Payment of dividends and sales proceeds that are made within the U.S. or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless: (i) the recipient is exempt; or (ii) in the case of backup withholding, the recipient provides a correct taxpayer identification number on IRS Form W-9 and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding generally may be allowed as a credit against U.S. federal income tax liability and may be refundable, provided that the required information is furnished to the IRS.

In addition, U.S. individuals who hold interests in foreign financial assets exceeding $50,000 are required to report certain information regarding the Company and the Equity Shares to the IRS on Form 8939, Statement of Specified Foreign Financial Assets, which must be attached to such individual's annual tax return, subject to certain exceptions (including an exception for shares held in accounts maintained by certain financial institutions).

U.S. FATCA Withholding After December 31, 2016

Under certain provisions of the U.S. Internal Revenue Code (commonly referred to as "FATCA"), we may be subject to a 30% U.S. withholding tax on certain payments we receive unless we enter into an agreement (an "FFI agreement") with the U.S. Internal Revenue Service (the "IRS") pursuant to which we may be required to report to the IRS information about any of our "United States accounts" and comply with certain procedures to be determined by the IRS. We may enter into such an agreement with the IRS and thereby become a participating foreign financial institution ("participating FFI") unless we otherwise become eligible for an exemption (e.g., pursuant to an intergovernmental agreement between the United States and India). The U.S. Treasury Department and the IRS recently issued regulations that implement certain provisions of FATCA. Under FATCA and the regulations, if we enter into an FFI agreement, we (or another intermediary that is a participating FFI) may be required, pursuant to our FFI agreement, to withhold 30% U.S. withholding tax from any payment made on the Equity Shares after December 31, 2016, to the extent the payment is considered to be a "foreign passthru payment," but only if such payment is made to a "foreign financial institution" (which is broadly defined for this purpose and in general includes investment vehicles) that is not a participating FFI. Under current regulations, the term "foreign passthru payment" is not defined and it is not yet clear whether or to what extent payments on the Equity Shares will be treated as "foreign passthru payments". Holders of Equity Shares should consult their own tax advisors regarding the application of FATCA to an investment in the Equity Shares and their ability to obtain a refund of any amounts withheld under FATCA.

IN ACCORDANCE WITH IRS CIRCULAR 230, WE INFORM YOU THAT: (A) ANY U.S. FEDERAL TAX ADVICE CONTAINED IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX PENALTIES UNDER THE CODE; (B) SUCH ADVICE WAS WRITTEN IN CONNECTION WITH THE

PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS DOCUMENT; AND (C) YOU SHOULD CONSULT YOUR OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO YOU RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS AND NON-U.S. TAX LAWS, ANY CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION OR REGULATIONS.

GENERAL INFORMATION

1. We were incorporated as a public limited company on March 29, 1930 with the name "The Vysya Bank Limited" and received our certificate of commencement of business on July 24, 1930. We received a license to carry on the banking business in India under the Banking Regulation Act from the RBI on June 6, 1958. Our name was changed to "ING Vysya Bank Limited" and the fresh certificate of incorporation consequent to the name change was granted on November 1, 2002. The RBI pursuant to its letter dated December 10, 2002 amended the previous license to carry on banking business in India and permitted the said change in name. We are a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

2. The registered office of our Bank upon incorporation was at 489, Avenue Road, Bangalore 560 002. Subsequently, the registered office of our Bank was shifted to No. 72, St. Marks Road, Bangalore 560 001 and to our current location at ING Vysya House, No. 22, M.G.Road, Bangalore 560 001 on August 20, 2003.

3. This Issue was authorized and approved by our Board on May 17, 2013 and by our shareholders on June 25, 2013.

4. The Board and the shareholders of the Bank by their resolutions dated May 17, 2013 and June 25, 2013 respectively, have approved the Preferential Allotment. The Preferential Allotment will be concluded simultaneously with the Allotment.

5. We have received in-principle approvals from the Stock Exchanges under clause 24 (a) of the listing agreement with the Stock Exchanges for the issue of the Equity Shares.

6. We shall apply for in-principle approval to list the Equity Shares issued in the Issue on the Stock Exchanges.

7. We shall apply for the final approvals to list the Equity Shares issued in the Issue on the Stock Exchanges.

8. Copies of our Memorandum and Articles will be available for inspection during usual business hours on any weekday (except Saturdays and public holidays) at our Registered Office.

9. We have obtained all consents, approvals and authorizations required in connection with this Issue, including the consents, approvals and authorizations from the RBI.

10. Except as disclosed in this Placement Document, there has been no adverse change in our financial position since March 31, 2013, the date of our last published consolidated financial statements.

11. Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings against or affecting us or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue of Equity Shares.

12. The consolidated and unconsolidated balance sheet and consolidated and unconsolidated schedules forming part thereof, consolidated and unconsolidated profit and loss account and consolidated and unconsolidated schedules forming part thereof, consolidated and unconsolidated cash flow statement and consolidated and unconsolidated notes thereon, as at and for the years ended March 31, 2013, 2012 and 2011 are included in the Placement Document. The consolidated and unconsolidated financial statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 have been audited in accordance with Indian GAAS.

13. Our Bank confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the Listing Agreements with the Stock Exchanges.

14. The Floor Price is Rs. 624.55 per Equity Share.

15. Our authorised share capital is Rs. 4,500 million divided into 350 million Equity Shares and 100 million Preference Shares of Rs. 10 each.

FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements

Year ended March 31, 2013

Auditor's report on the consolidated financial statements as of March 31, 2013.....F-3

Consolidated balance sheet as of March 31, 2013.....F-5

Consolidated profit and loss account for the year ended March 31, 2013..... F-6

Consolidated cash flow statement for the year ended March 31, 2013..... F-7

Notes to the consolidated financial statements as of and for the year ended March 31, 2013.....F-24

Year ended March 31, 2012

Auditor's report on the consolidated financial statements as of March 31, 2012.....F-59

Consolidated balance sheet as of March 31, 2012.....F-60

Consolidated profit and loss account for the year ended March 31, 2012.....F-61

Consolidated cash flow statement for the year ended March 31, 2012.....F-62

Notes to the consolidated financial statements as of and for the year ended March 31, 2012.....F-79

Year ended March 31, 2011

Auditor's report on the consolidated financial statements as of March 31, 2011.....F-110

Consolidated balance sheet as of March 31, 2011.....F-111

Consolidated profit and loss account for the year ended March 31, 2011.....F-112

Consolidated cash flow statement for the year ended March 31, 2011.....F-113

Notes to the consolidated financial statements as of and for the year ended March 31, 2011.....F-130

Audited Unconsolidated Financial Statements

Year ended March 31, 2013

Auditor's report on the unconsolidated financial statements as of March 31, 2013.....F-160

Unconsolidated balance sheet as of March 31, 2013.....F-162

Unconsolidated profit and loss account for the year ended March 31, 2013.....F-163

Unconsolidated cash flow statement for the year ended March 31, 2013.....F-164

Notes to the non-consolidated financial statements as of and for the year ended March 31, 2013.....F-181

Year ended March 31, 2012

Auditor's report on the Unconsolidated financial statements as of March 31, 2012.....F-223

Unconsolidated balance sheet as of March 31, 2012..... F-225

Unconsolidated profit and loss account for the year ended March 31, 2012.....F-226

Unconsolidated cash flow statement for the year ended March 31, 2012..... F-227

Notes to the non-consolidated financial statements as of and for the year ended March 31, 2012.....F-244

Year ended March 31, 2011

Auditor's report on the unconsolidated financial statements as of March 31, 2011.....F-279

Unconsolidated balance sheet as of March 31, 2011.....F-281

Unconsolidated profit and loss account for the year ended March 31, 2011.....F-282

Unconsolidated cash flow statement for the year ended March 31, 2011.....F-283
Notes to the Unconsolidated financial statements as of and for the year ended March 31, 2011.....F-299

Independent Auditor's Report

To the Members of
ING Vysya Bank Limited

Report on the consolidated financial statements

1. We have audited the accompanying consolidated financial statements of ING Vysya Bank Limited ('the Bank') and its subsidiary (collectively known as 'the Group'), which comprise the consolidated Balance Sheet as at 31 March 2013 and the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

2. Management is responsible for preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated 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. We report that the consolidated financial statements have been prepared in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated financial statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006.

7. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India and guidelines issued by Reserve Bank of India in relation to preparation of consolidated financial statements:

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

   (b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and

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

Emphasis of matter

8. We draw attention to Note 18.16 to the consolidated financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option, to the extent of Rs. 372 millions pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter to the Bank dated 8 April 2011 regarding Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

9. The consolidated Balance Sheet, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

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

Zubin Shekary
Partner
Membership No: 048814

Mumbai
29 April 2013

ANNEXURE I

CONSOLIDATED BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	Schedule	31 March 2013	31 March 2012
CAPITAL AND LIABILITIES			
Capital	1	1,549	1,501
Employees' Stock Options Outstanding (Net)		9	16
Reserves and Surplus	2	44,778	38,347
Deposits	3	413,290	351,909
Borrowings	4	65,113	56,965
Other Liabilities and Provisions	5	23,633	21,110
TOTAL		**548,372**	**469,848**
ASSETS			
Cash and Balances with Reserve Bank of India	6	19,447	19,824
Balance with Banks and Money at call and short notice	7	8,888	12,482
Investments	8	182,761	127,134
Advances	9	317,720	287,214
Fixed Assets	10	4,998	5,010
Other Assets	11	14,558	18,184
TOTAL		**548,372**	**469,848**
Contingent Liabilities	12	**1,215,672**	**1,224,053**
Bills for collection		**64,385**	**53,798**
Significant accounting policies	17		
Notes on Accounts	18		

ANNEXURE II

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	Schedule	31 March 2013	31 March 2012
INCOME			
Interest Earned	13	48,617	38,569
Other Income	14	7,266	6,696
TOTAL		**55,883**	**45,265**
EXPENDITURE			
Interest Expended	15	33,226	26,483
Operating Expenses	16	12,726	11,101
Provisions and Contingencies		3,799	3,117
TOTAL		**49,751**	**40,701**
PROFIT / (LOSS)			
Net Profit/(Loss) for the period		6,132	4,564
Consolidated Net Profit / (Loss) for the year attributable to the Group		6,132	4,564
Add: Brought forward consolidated profit / (loss) attributable to the Group		7,695	5,215
TOTAL		**13,827**	**9,779**
APPROPRIATIONS			
Transfer to statutory reserve		1,532	1,141
Transfer to capital reserve		16	4
Transfer to Revenue & other reserves		-	-
Transfer to / (from) Investment reserve		(2)	2
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		160	140
Dividend Paid (Refer Note No.18.15.b)		-	87
Proposed dividend		852	600
Dividend tax		139	109
Balance carried to consolidated Balance Sheet		11,130	7,696
TOTAL		**13,827**	**9,779**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic		40.37	31.85
Diluted		39.30	31.55
Number of shares used in computing Earnings Per Share			
Basic		151,884,592	143,275,876
Diluted		156,006,671	144,671,610

ANNEXURE III

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
Net Profit before Tax and Extraordinary Items	9,019	6,544
Adjustments for:		
Depreciation charges	530	519
Employee compensation expense (ESOS)	(1)	(1)
Provision/write off of Advances	843	807
(Profit) / Loss on revaluation of investment	394	549
Provision for Standard Assets	37	289
Other Provisions	(59)	34
Lease Adjustment Account	(20)	(20)
(Profit)/Loss on Sale of Assets (net)	1	(8)
Cash Generated from Operation	10,744	8,713
Adjustments for:		
Decrease / (Increase) in Advances	(31,349)	(52,153)
Decrease / (Increase) in Other assets	3,925	(4,326)
Non-Banking Assets sold	-	-
Decrease/ (Increase) in Investments	(56,021)	(17,121)
Increase / (Decrease) in Deposits	61,384	49,997
Increase / (Decrease) in Other liabilities	2,346	192
Increase/ (Decrease) in Borrowings	-	-
Less: Direct Taxes Paid	3,186	2,507
Net Cash flow from / (used in) Operating Activities	**(12,157)**	**(17,212)**
Movement in Capital Work in Progress	**-**	**-**
Purchase of Fixed assets / leased assets	**(517)**	**497**
Sale of Fixed assets/ Leased assets	**11**	**20**
Interest received	**3**	**1**
Net Cash flow used in Investing Activities	**(503)**	**(476)**
Proceeds from issue of shares	**47**	**291**
Share premium collected	**1,290**	**9,505**
Dividend Paid	**(796)**	**(520)**
Borrowings (including Subordinated Debt -Tier II Bonds and Innovative Perpetual Debt Instrument)	**8,148**	**15,496**
Net Cash Flow from Financing Activities	**8,689**	**24,772**
Net Increase/ (Decrease) in Cash and Cash Equivalents	**(3,971)**	**7,092**
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)	**32,306**	**25,214**
Cash and Cash equivalents as at the end of the year (Including Money At Call and Short Notice)	**28,335**	**32,306**

ANNEXURE IV

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT

SCHEDULE 1 – CAPITAL

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
AUTHORISED CAPITAL		
350,000,000 (Previous Year 350,000,000) Equity shares of Rs.10 each	3,500	3,500
100,000,000 (Previous Year 100,000,000 and) Preference shares of Rs.10 each	1,000	1,000
ISSUED CAPITAL		
155,141,130 (Previous Year 150,411,637)		
Equity shares of Rs.10 each	1,551	1,504
SUBSCRIBED AND CALLED UP CAPITAL		
154,835,474 (Previous Year 150,123,831)		
Equity shares of Rs.10 each fully called and paid up	1,549	1,501
TOTAL	**1,549**	**1,501**

SCHEDULE 2 - RESERVES AND SURPLUS

PARTICULARS	31 March 2013	31 March 2012
I. STATUTORY RESERVE		
Opening balance	5,637	4,496
Additions during the year	1,533	1,141
TOTAL (A)	**7,170**	**5,637**
II. CAPITAL RESERVE		
(a) Revaluation Reserve		
Opening balance	1,035	1,042
Less: Revaluation reserve reversed consequent to sale of assets/ transfer of assets	-	(1)
Less: Depreciation transferred to Consolidated Profit and Loss Account	(7)	(6)
TOTAL (B)	**1,028**	**1,035**
(b) Capital Reserve on Consolidation		
Opening balance	1	1
Add: Additions during the year	-	-
Less: Deduction on divestment of Associate	-	-
TOTAL (C)	**1**	**1**
(c) Others		
Opening balance	1,249	1,245
Add: Transfer from Consolidated Profit and Loss Account	16	4
TOTAL (D)	**1,265**	**1,249**
TOTAL CAPITAL RESERVE (B+C+D)	**2,294**	**2,284**
III. SECURITIES PREMIUM		
Opening balance	21,562	12,054
Add: Additions during the year	1,296	9,581
Less: Deletions during the year	-	(73)
TOTAL (E)	**22,858**	**21,562**
IV. REVENUE AND OTHER RESERVES		
(a) SPECIAL RESERVE (u/s 36 (1) (viii) of Income Tax Act, 1961)		
Opening balance	587	447
Add: Additions during the year	160	140
TOTAL (F)	**747**	**587**
(b) Revenue Reserves		
Opening Balance	580	580
Add: Addition on consolidation of subsidiary	-	-
TOTAL (G)	**580**	**580**
(c) Investment Reserve		
Opening Balance	2	-
Add: Additions during the year	-	2
Less: Deductions during the year	**(2)**	**-**
TOTAL (H)	**-**	**2**
TOTAL (IV) (F+G+H)	**1,327**	**1,169**
V. BALANCE IN CONSOLIDATED PROFIT AND LOSS ACCOUNT (I)	11,130	7.695
TOTAL (I to V)	**44,779**	**38,347**

SCHEDULE 3 - DEPOSITS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
A I. Demand deposits		
i. From banks	4,492	3,544
ii. From others	68,664	60,654
II. Savings bank deposits	61,183	56,429
III. Term deposits		
i. From banks	97,835	75,954
ii. From others	181,116	155,328
TOTAL (I to III)	**413,290**	**351,909**
B. Deposits of branches in India	413,290	351,909
C. Deposits outside India	-	-
TOTAL	**4,13,290**	**3,51,909**

SCHEDULE 4 - BORROWINGS*

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Borrowings in India		
i. Reserve Bank of India	1,000	-
ii. Other banks	2,235	4,403
iii. Other institutions and agencies	25,577	23,697
II. Borrowings outside India	36,301	28,865
TOTAL (I to II)	**65,113**	**56,965**

Secured Borrowings included in (I) & (II) above is NIL (Previous Year: NIL)

* Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of Rs. 13,906 millions as on 31 March 2013 (Previous year Rs. 11,206 millions).

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Bills payable	5,603	3,681
ii. Inter office adjustments (net)	69	174
iii. Interest accrued	2,205	1,703
iv. Provision against Standard Assets	1,492	1,454
v. Others (including provisions)	14,264	14,098
TOTAL (i to v)	**23,633**	**21,110**

SCHEDULE 6- CASH AND BALANCES WITH RESERVE BANK OF INDIA

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Cash in hand (including foreign currency notes)	5,711	3,865
II. Balances with Reserve Bank of India		
i. In current account	13,736	15,959
ii. In other accounts		
TOTAL (I to II)	**19,447**	**19,824**

SCHEDULE 7- BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. In India		
i) Balances with banks		
a) In current accounts	1,589	1,671
b) In other deposit accounts	67	320
ii) Money at call and short notice		
a) With banks	500	600
b) With others	3,998	4,997
TOTAL (i to ii)	**6,154**	**7,588**
II. Outside India		
i) Balances with banks		
a) In current accounts	649	800
b) In other deposit accounts	-	-
ii) Money at Call and Short Notice		
a) With Banks	2,085	4,094
b) With Others	-	-
TOTAL (i to ii)	**2,734**	**4,894**
GRAND TOTAL (I to II)	**8,888**	**12,482**

SCHEDULE 8 - INVESTMENTS (NET)

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Investments in India		
i) Government securities * $ ^	1,25,117	89,689
ii) Other approved securities	-	-
iii) Shares	590	590
iv) Debentures and bonds	2,711	1,876
v) Others (mutual funds, commercial papers and post office deposits) @	54,343	34,979
TOTAL	**1,82,761**	**1,27,134**
II. Investments outside India	-	-
GRAND TOTAL	**1,82,761**	**1,27,134**
GROSS INVESTMENTS	1,83,198	1,27,484
Less: Depreciation/Provision for Investments	(437)	(350)
NET INVESTMENTS	**1,82,761**	**1,27,134**

'* Includes Repo lending of Rs. 22,050 millions (Previous year NIL) and Net of Repo borrowings of RRs. 42,453 millions (Previous year Rs. 38,477 millions) under the liquidity adjustment facility in line with Reserve Bank of India requirements.

'$ Includes securities costing Rs. 1,723 millions (Previous year Rs. 1,365 millions) pledged for margin requirement

^ Includes securities costing NIL (Previous year Rs. 1,053 millions) utilised for market repurchase transaction

'@ Includes deposits with NABARD, NHB and SIDBI of Rs. 31,945 millions (Previous year Rs. 31,490 millions), PTCs of Rs. 18,085 millions (Previous year Rs. 558 millions), Commercial paper of Rs. 1,587 millions (Previous year NIL) and Certificate of deposit of Rs. 2,726 millions (Previous year Rs. 2,932 millions)

SCHEDULE 9 - ADVANCES (Net of Provisions)

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
A. i) Bills purchased and discounted	12,317	12,238
ii) Cash credits, overdrafts and loans repayable on demand	1,48,683	1,12,557
iii) Term loans	1,56,720	1,62,419
TOTAL	**3,17,720**	**2,87,214**
B. i) Secured by tangible assets*	2,94,455	2,53,325
ii) Covered by Bank/Government guarantees	1,157	1,586
iii) Unsecured	22,108	32,303
TOTAL	**3,17,720**	**2,87,214**
*** Includes advances secured against book debts**		
C. I ADVANCES IN INDIA		
i) Priority sector	1,09,524	94,940
ii) Public sector	368	36
iii) Banks	43	28
iv) Others	2,07,785	1,92,210
II ADVANCE OUTSIDE INDIA	-	-
TOTAL	**3,17,720**	**2,87,214**

SCHEDULE 10 - FIXED ASSETS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Premises		
i) At cost as on 31 March of preceding year (31 March 2013: includes revaluation)	4,097	4,090
ii) Additions during the year	-	9
	4,097	4,099
iv) Deductions during the year	-	(2)
v) Depreciation to date	(439)	(384)
I A. Capital work in progress	-	-
TOTAL	**3,658**	**3,713**
II. Other Fixed Assets (Including Furniture and Fixtures)		
i) At cost as on 31 March of the preceding year	5,039	4,573
ii) Additions during the year	464	517
	5,503	5,090
iii) Deductions during the year	(76)	(51)
iv) Depreciation to date	(4,403)	(4,004)
II A. Capital work in progress	159	106
TOTAL	**1,183**	**1,141**
III. Lease Fixed Assets		
i) At cost as on 31 March of the preceding year	1,541	1,541
ii) Additions during the year	-	-
	1,541	1,541
iii) Deductions during the year	-	-
iv) Depreciation to-date	(1,456)	(1,436)
v) Add: Lease adjustment account	310	290
vi) Less: Provision / Write off of non performing assets	(238)	(238)
TOTAL	**157**	**157**
GRAND TOTAL (I to III)	**4,998**	**5,010**

SCHEDULE 11- OTHER ASSETS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i Inter-office adjustment (net)		
ii. Interest accrued	2,653	2,248
iii. Tax paid in advance and tax deducted at source (net)	1,666	1,366
iv. Stationery and stamps	14	9
v. Non banking assets acquired in satisfaction of claims (net)	-	-
vi. Others#	10,224	14,560
TOTAL	**14,557**	**18,183**
# Includes deferred tax assets of Rs. 1,287 millions (previous year Rs. 1,400 millions). Refer Note No. 18.10		

SCHEDULE 12- CONTINGENT LIABILITIES

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Claims against the bank not acknowledged as debts		
ii. Liability for partly paid investments	-	-
iii. Liability on account of outstanding forward exchange contracts*@	8,14,216	8,34,728
iv. Liability on account of outstanding derivative contracts*@	2,99,279	3,06,173
v. Guarantees given on behalf of constituents in India		
a) In India	76,139	54,539
b) Outside India	6,164	9,744
vi. Acceptances, endorsements and other obligations	18,886	17,801
vii. Other items for which the bank is contingently liable	988	1,066
TOTAL	**12,15,672**	**12,24,053**

* Represent notional amounts

@ Long term forward exchange contracts amounting to Rs. 8,598 millions (Previous year Rs. 7,460 millions) are managed as derivatives and accordingly reflected under liability on account of derivative contracts.

SCHEDULES TO THE CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

SCHEDULE 13 - INTEREST EARNED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Interest/Discount on advances/bills	35,498	28,678
ii. Income on investments	13,066	9,818
iii. Interest on balances with RBI and other inter bank funds	18	6
iv. Others (includes IRS income)	35	67
TOTAL	**48,617**	**38,569**

SCHEDULE 14 - OTHER INCOME

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Commission, Exchange and Brokerage	4,794	4,690
ii. Profit/ (Loss) on sale of investments (net)	308	123
iii. Profit/ (Loss) on revaluation of investments (net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other assets (net)	(1)	8
v. Profit/ (Loss) on Exchange/ Derivative transactions (net)	1,680	1,471
vi. Income earned by way of dividends etc. from subsidiaries/companies and joint ventures abroad/in India	7	8
vii. Lease income	-	-
viii. Miscellaneous income #	478	396
TOTAL	**7,266**	**6,696**

Includes recovery from written off accounts amounting to Rs. 124 millions (Previous year Rs. 256 millions)

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Interest on Deposits	25,788	21,528
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	3,927	2,467
iii. Others (including interest on Tier II Bonds and IRS)	3,511	2,488
TOTAL	**33,226**	**26,483**

SCHEDULE 16 - OPERATING EXPENSES

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Payments and Provisions for Employees	7,644	6,733
ii. Rent, Taxes and Lighting	1,100	978
iii. Printing and Stationery	134	131
iv. Advertisement and Publicity	58	44
v. Depreciation on Bank's Property	510	498
vi. Director's Fees, Allowances & Expenses	5	5
vii. Auditors' Fees and Expenses (Including Branch Auditors)	7	6
viii. Law Charges	29	31
ix. Postage,Telegrams,Telephones	235	214
x. Repairs and Maintenance	327	313
xi. Insurance	317	306
xii. Other expenditure	2,360	1,842
TOTAL	**12,726**	**11,101**

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

1 BACKGROUND

ING Vysya Bank Limited ("IVB" or "the Bank") was incorporated on 29 March 1930 and is headquartered in Bangalore. Subsequent to the acquisition of stake in the Bank by ING Group N.V. in August 2002, the name of the Bank was changed from "Vysya Bank Limited" to "ING Vysya Bank Limited".

The Bank is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ING Vysya Financial Services Limited ("IVFSL"), a wholly owned subsidiary of the Bank, is engaged in the business of non-fund/ fee based activities of marketing and distribution of various financial products/services of the bank.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Bank and its wholly owned subsidiary (hereinafter referred to as "the Group") are prepared under the historical cost convention, on accrual basis of accounting, unless otherwise stated and in accordance with generally accepted accounting principles ("GAAP") in India, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time, Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and current practices prevailing within the banking industry in India. The accounting policies have been consistently applied except for the changes in accounting policies disclosed in these consolidated financial statements, if any.

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

3 USE OF ESTIMATES

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

4 BASIS OF CONSOLIDATION

a. The consolidated financial statements include the financial statements of the Bank and its subsidiary.

b. The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21 -'Consolidated Financial Statements' issued by the ICAI and notified by the Companies (Accounting Standards) Rules, 2006.

c. The audited financial statements of the Bank and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances, material intra-group transactions and resulting unrealized profits are eliminated in full and unrealized losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.

d. The cost of investment of Bank in subsidiary is eliminated. The excess or shortfall of such cost over the Bank's portion of equity of subsidiary is treated as Goodwill or Capital Reserve.

e. The reporting date for the subsidiary is 31 March 2013. For the purposes of preparation of the consolidated financial statements, the audited financial statements of subsidiary have been considered.

5 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the

revenue can be reliably measured.

a. *Income and expenditure is accounted for on an accrual basis except as stated below:*

Interest on advances, securities and other assets classified as Non-Performing Assets is recognized on realization in *accordance* with the guidelines issued by the RBI.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognized at the *inception* of the loan.

b. *Income on assets given on lease*

Finance income in respect of assets given on lease is accounted based on the interest rate *implicit* in the lease in accordance with the guidance note issued by the ICAI in respect of leases given up to 31 March 2001 and in accordance with AS 19 – "Leases" in respect of leases given from 1 April 2001.

c. *Sale of investments*

Realized gains on investments under Held To Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

d. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

e. Interest income on investments in PTCs is recognized at their effective interest rate

f. Commission on guarantees and letters of credit issued are amortised on a straight-line basis over the period of the respective guarantees/ letters of credit.

g. Arrangership/ syndication fee is accounted for on completion of the agreed service and when right to receive is established.

h. Dividend is accounted on an accrual basis when the right to receive the dividend is established.

6 **FOREIGN EXCHANGE TRANSACTIONS**

a. Transactions denominated in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

b. Monetary assets and liabilities denominated in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the balance sheet date as notified by Foreign Exchange Dealers Association of India ("FEDAI") and resulting gains/ losses are recognised in the profit and loss account.

c. Outstanding foreign exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/ loss on revaluation is included in the profit and loss account.

d. Contingent liabilities denominated in foreign currencies are disclosed at the balance sheet date at the rates notified by FEDAI.

7 **DERIVATIVE TRANSACTIONS**

Derivative transactions comprise long term forward contracts, interest rate swaps, currency swaps, currency and cross currency options to hedge on-balance sheet assets and liabilities or to take trading positions.

Derivative transactions designated as "Trading" are Marked to Market ("MTM") with resulting gains/ losses included in the profit and loss account. Derivative transactions designated as "Hedge" are accounted for on an accrual basis.

Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through the profit and loss account.

8 INVESTMENTS

For presentation in the Balance sheet, investments (net of provisions) are classified under the following heads – Government securities, Other approved securities, Shares, Debentures and Bonds and Others, in accordance with the Third Schedule to the Banking Regulation Act, 1949.

Acquisition cost:

In determining acquisition cost of an investment:

- Brokerage, commission, etc. paid at the time of acquisition, are charged to profit and loss account.
- Cost of investments is based on the weighted average cost method.

Valuation of Investments:

Valuation of investments is undertaken in accordance with the "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI. For the purpose of the valuation, the Bank's investments are classified into three categories, i.e. 'Held to Maturity', 'Held for Trading' and 'Available for Sale' at the time of their purchase:

a. "Held to Maturity" (HTM) comprises securities acquired by the Bank with the intention to hold them upto maturity. With the issuance of RBI Circular No. DBOD.BP.BC.37/21.04.141/2004-05 dated 2 September 2004, the investment in SLR securities under this category is permitted to a maximum of 25% of Demand and Time Liabilities.

b. "Held for Trading" (HFT) comprises securities acquired by the Bank principally for resale within 90 days from the date of purchase i.e. to benefit from short-term price/interest rate movements.

c. "Available for Sale" (AFS) securities are those, which do not qualify for being classified in either of the above categories.

d. Transfer of securities between categories of investments is accounted for at the acquisition cost / book value / market value on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is fully provided for.

Valuation of investments is undertaken as under:

a. For investments classified as HTM, excess of cost over face value is amortized over the remaining period of maturity on a straight line basis. The discount, if any, being unrealised is ignored. Provisions are made for diminutions other than temporary in the value of such investments.

b. Investments classified as HFT and AFS are revalued at monthly intervals as per RBI and FIMMDA valuation norms. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

c. In the event provisions created on account of depreciation in the "Available for sale" or "Held for trading" categories are found to be in excess of the required amount in any year, such excess is recognised in the profit and loss account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve account in accordance with RBI guidelines after adjusting for income tax and appropriation to statutory reserve.

d. The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA. Special bonds such as Oil bonds,

Fertiliser bonds etc. which are directly issued by Government of India ('GOI') that do not qualify for SLR are also valued by applying the mark up above the corresponding yield on GOI securities. Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Rs. 1 as per the RBI guidelines. Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, Commercial papers and Certificate of Deposits being discounted instruments, are valued at carrying cost.

REPO and Reverse REPO transactions conducted under LAF with RBI are accounted for on an outright sale and outright purchase basis respectively in line with RBI guidelines. The cost/income of the transactions upto the year end is accounted for as interest expense/income. However, in case of reverse REPO, the depreciation in value of security compared to original cost is provided for. Market REPO and Reverse REPO transactions are accounted as collateralised borrowings and lending respectively.

The Bank follows settlement date method of accounting for purchase and sale of investments.

Disposal of investments:

Profit / loss on sale of investments under the aforesaid three categories is taken to the profit and loss account. The profit from sale of investment under HTM category, net of taxes and transfers to statutory reserve is appropriated from profit and loss account to "Capital Reserve" in accordance with the RBI Guidelines.

9 ADVANCES

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs and provisions in lieu of diminution in the fair value of restructured assets. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI.

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and also encourage banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories, and the provisioning done is higher than the minimum prescribed under RBI guidelines.

As per RBI guidelines, a general provision at the rate of 0.40% is made on all the standard advances except for the following where provision is made at different rates

a) at 0.25% for loans to Small and Micro Enterprises and direct agricultural advances; and

b) at 1.00% on Commercial Real Estate (CRE) sector.

c) at 2.00% on Housing loans granted at teaser rates.

d) at 2.75% on restructured advances in the first two years from date of restructuring.

Provision towards standard assets is shown separately in the Balance Sheet under Schedule-5 – “Other liabilities and Provisions”.

For restructured/rescheduled assets, provision is made for diminution in the fair value of the assets in accordance with the guidelines issued by RBI.

10 FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost less accumulated depreciation, with the exception of premises, which were revalued as at 31 December 1999, based on values determined by approved valuers.

Cost includes cost of purchase of the asset and all other expenditure in relation to its acquisition and installation and includes taxes (excluding service tax), freight and any other incidental expense

incurred on the asset before it is ready for commercial use.

Office Equipment (including Electrical and Electronic equipment, Computers, Vehicles and other Office Appliances) are grouped under Other Fixed Assets.

a. Depreciation on Premises is charged on straight line basis at the rate of 1.63% upto 31 March 2002 and at 2% with effect from 1 April 2002.

b. Additional depreciation on account of revaluation of assets is deducted from the current year's depreciation and adjusted in the Revaluation Reserve account.

Depreciation on the following items of Fixed Assets is charged over the estimated useful life of the assets on a straight line basis. The rates of depreciation are:

i. Electrical and Electronic equipment – 20%

ii. Furniture and Fixtures – 10%

iii. Vehicles – 20%

iv. Computers and Software – 33.33%

v. ATMs and VSAT equipment – 16.66%

vi. Improvements to leasehold premises – amortised over the shorter of primary period of lease or estimated useful life of such assets, which is currently estimated at 6 years.

Depreciation on leased assets is provided on WDV method at the rates stipulated under Schedule XIV to the Companies Act, 1956.

Software whose actual cost does not exceed Rs. 100,000 and other items whose actual cost does not exceed Rs. 10,000 are fully depreciated in the year of purchase.

Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the date of disposal.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Profits on sale of fixed assets is first credited to profit and loss account and then appropriated to capital reserve, net of taxes and appropriation to statutory reserve.

11 IMPAIRMENT OF ASSETS

In accordance with AS 28 – Impairment of Assets, the Group assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the cash generating unit. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to a maximum of depreciated historical cost.

12 NON-BANKING ASSETS

Non-Banking assets acquired in settlement of debts/ dues are accounted at the lower of their cost of acquisition or net realisable value.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

14 EMPLOYEES' STOCK OPTION SCHEME

The Employee Stock Option Schemes provide for the grant of equity shares of the Bank to its employees. The Schemes provide that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

15 EMPLOYEE BENEFITS

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Bank makes specified monthly contributions towards employee provident fund and employee superannuation fund, which are defined contribution plans, to the funds set up by the Bank for the purpose and administered by a board of trustees. The Bank's contribution is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

IVFSL makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The IVFSL's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Bank's pension and gratuity benefit schemes are defined benefit plans. In IVFSL, gratuity benefit scheme is a defined benefit plan. The net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation of the obligation is performed annually by a qualified actuary using the projected unit credit method.

All actuarial gains and losses arising from defined benefit plans are immediately recognized in the profit and loss account. All expenses related to defined benefit plans are recognised in employee benefits expense in the profit and loss account. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss account on a straight-line basis over the average period until the benefits become vested.

Gains and losses on the curtailment or settlement of a defined benefit plan are recognized when the

curtailment or settlement occurs.

Compensated Absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since compensated absence do not fall due wholly within twelve months after the end of period in which the employees render the related service and also are not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified a long – term employee benefit. An obligation for such compensated absences is recorded in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

16 LEASE TRANSACTIONS

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss Account on a straight line basis over the lease term in accordance with the AS-19, Leases, issued by the ICAI.

17 TAXES ON INCOME

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

The Group offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

18 NET PROFIT/ (LOSS)

Net profit / (loss) disclosed in the consolidated profit and loss account is after considering the following:

- Provision/ write off of non-performing assets as per the norms prescribed by RBI;
- Provision for income tax and wealth tax;
- Depreciation/ write off of investments; and
- Other usual, necessary and mandatory provisions, if any.

19 EARNINGS PER SHARE (“EPS”)

The Group reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share, issued by the ICAI. Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

20 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Such provisions are not discounted to present value. A disclosure for a contingent liability is made when there is a possible obligation, or a present obligation where outflow of resources is not probable. Where 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 resource would be required to settle the obligation, the provision is reversed. The Group does not account for or disclose contingent assets, if any.

21 SEGMENT INFORMATION

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organization structure, the internal business reporting system and the guidelines prescribed by RBI(vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18 2007). The Bank operates in the following segments:

(a) Treasury

The treasury segment includes the net interest earnings on investments of the Bank in sovereign bonds, corporate debt, mutual funds, etc, income from trading, income from derivative and foreign exchange operations and the central funding unit.

(b) Retail banking

The retail banking segment constitutes the business with individuals and small businesses through the branch network and other delivery channels like ATM, Internet banking, etc. This segment raises deposits from customers, makes loans and provides fee based services to such customers. Exposures are classified under retail banking broadly taking into account the orientation criterion, the nature of product and exposures which are not exceeding Rs. 50 millions and in respect of customers where average turnover in the last 3 years does not exceed Rs. 500 millions. Revenue of the retail banking segment includes interest earned on retail loans, fees and commissions for banking and advisory services, ATM Fees, etc. Expenses of this segment primarily comprise interest expense on the retail deposits, personnel costs, premises and infrastructure expenses of the branch network and other delivery channels, other direct overheads and allocated expenses.

(c) Wholesale banking

The Wholesale banking segment provides loans and transaction services to large corporate, emerging corporate, institutional customers and those not classified under Retail banking. Revenue of the Wholesale banking segment includes interest and fees earned on loans to customers falling under this segment, fees from trade finance activities and cash management services, advisory fees and income from foreign exchange and derivative transactions. The principal expenses of the segment consist of personnel costs, other direct overheads and allocated expenses.

(d) Other Banking Operations

All Banking operations that are not covered under the above three segments.

(e) Unallocated

All items of which cannot be allocated to any of the above are classified under this segment. This also includes capital and reserves, debt classifying as Tier I or Tier II capital and other unallocable assets and liabilities.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue reduced by interest expense, operating expenses and provisions, if any, for that segment. Inter-segment revenue represents

the transfer price paid/ received by the central funding unit. For this purpose, the present internal funds transfer pricing mechanism has been followed which calculates the charge based on yields benchmarked to an internally developed yield curve, which broadly tracks certain agreed market benchmark rates. Segment-wise income and expenses include certain allocations. The Retail banking and Wholesale banking segments allocate costs among them for the use of branch network, etc. Operating costs of the common/ shared segments are allocated based on agreed methodology which estimate the services rendered by them to the above four segments.

Geographic segments

As the Bank operates only in the domestic segment in India, there are no other geographic segments.

18 NOTES TO ACCOUNTS

18.1 List of subsidiary considered for consolidation

Sl No	Name	Country of incorporation	Extent of holding as on 31 March 2013	Voting Power
Subsidiary				
1	ING Vysya Financial Services Limited (IVFSL)	India	100%	100%

18.2 Employee stock option scheme

ESOS 2005

The employee stock option scheme ("ESOS 2005" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 27 July 2005 and by shareholders at the Annual General Meeting held on 22 September 2005. A total of 893,264 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of four years from the date of grant i.e. 25% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. The board level committee in their meeting dated 25 October 2007 approved the grant of options under ESOS 2005 loyalty options scheme.

The movements in ESOS 2005 during the year ended 31 March 2013 and 31 March 2012 are as under:

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs.)	Number of Options	Weighted Average Exercise Price (In Rs.)
Options outstanding at the beginning of year	**220,059**	**174.05**	263,419	172.98
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	95,308	166.51	35,660	165.15
Less: Forfeited / lapsed during the year	6,893	170.70	7,700	178.70
Options outstanding at the end of year	**117,858**	**180.34**	**220,059**	**174.05**

ESOS 2007

The employee stock option scheme ("ESOS 2007" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 7 March 2007 and by the shareholders through postal ballot meeting held on 11 May 2007. A total of 7,800,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2007 during the year ended 31 March 2013 and 31 March 2012 are as under:

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs)	Number of Options	Weighted Average Exercise Price (In Rs.)
Options outstanding at the beginning of year	**5,088,280**	**257.43**	6,065,000	250.02
Add: Granted during the year	18,000	414.25	70,000	290.50

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs)	Number of Options	Weighted Average Exercise Price (In Rs.)
Less: Exercised during the year	2,955,930	252.65	843,470	200.41
Less: Forfeited / lapsed during the year	49,450	285.21	203,250	284.43
Options outstanding at the end of year	**2,100,900**	**264.84**	**5,088,280**	**257.43**

ESOS 2010

The employee stock option scheme ("ESOS 2010" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 29 April 2010 and by the shareholders at the last AGM held on 1 July 2010. A total of 1,15,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2010 during the year ended 31 March 2013 and 31 March 2012 are as under: -

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs.)	Number of Options	Weighted Average Exercise Price (In Rs.)
Options outstanding at the beginning of year	**6,745,225**	**340.83**	3,595,500	358.78
Add: Granted during the year	4,146,000	365.30	3,554,975	323.37
Less: Exercised during the year	1,678,255	342.49	-	-
Less: Forfeited / lapsed during the year	621,590	348.05	405,250	346.95
Options outstanding at the end of year	**8,591,380**	**351.80**	**6,745,225**	**340.83**

Details of exercise price and remaining contractual life of options

The details of exercise price for stock options outstanding as at 31 March 2013 are:

Scheme	Exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2005 Tranche I	124	8,688	1.32	124
ESOS 2005 (Loyalty Options)	184.82	109,170	1.22	184.82
ESOS 2007	134.70 - 568.05	2,100,900	3.00	264.84
ESOS 2010	322.55 - 403.95	8,591,380	5.44	351.80

The details of exercise price for stock options outstanding as at 31 March 2012 are:

Scheme	Exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs)
ESOS 2005 Tranche I	92.59 - 136.47	38,004	2.13	122.45
ESOS 2005 (Loyalty	184.82	182,055	2.10	184.82

Scheme	Exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs)
Options)				
ESOS 2007	114.20 - 380.40	5,088,280	3.64	257.43
ESOS 2010	322.55 - 403.95	6,745,225	5.70	340.83

The weighted average share price for all options exercised during the year is Rs. 478 per share (Previous Year: Rs. 323.83).

All options under each scheme when exercised are settled through issue of equity shares.

Employee Compensation Cost

The Bank follows the intrinsic method for valuing the stock options. The difference between employee compensation costs computed based on such intrinsic value and employee compensation cost that would have been recognized if fair value of options had been used is explained below:

Impact on Profit

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Net profit (as reported)	6,132	4,564
Add: Stock-based employee compensation expense included in net income	(0)	(1)
Less: Stock-based compensation expense determined under fair value based method (proforma)	413	330
Net profit (proforma)	**5,719**	**4,233**

Impact on Earnings per share

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Declared in the financial Statements		
Basic (Rs.)	40.37	31.85
Diluted (Rs.)	39.30	31.55
Revised EPS		
Basic (Rs.)	37.65	29.54
Diluted (Rs.)	36.65	29.26

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Risk free interest rate**	6.55% - 6.68%	7.72% - 7.74%	5.35% - 9.25%	6.49% - 8.38%
Expected Life (excluding vesting period)	1 Year	1 Year	1 Year	1 Year
Expected Volatility	31.62%	45.23%	23.68% - 51.58%	23.68% - 38.72%
The price of the underlying share in market at the time of option grant (as per NSE) (Rs.)	162.6	262.60	134.70-568.05	322.55 - 403.95

The Black-Scholes Model is used to calculate a theoretical call price (ignoring dividends paid during the life of the option) using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.

** Risk free interest rate is taken from the rates given by Fixed Income Money Market and Derivatives Association of India (FIMMDA) for Government securities.

The call option values under Black- Scholes Model for option valuation under different schemes for outstanding options as on 31 March 2013 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Option price at the date of grant (Rs.)	75.42 - 82.58	118.92 - 135.34	54.90- 187.11	71.29 -160.94
Weighted average Fair Value of the options at the date of grant (Rs.)	79.49	129.59	110.43	109.91

18.3 Provisions and contingencies debited to the profit and loss account include

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Provision for income tax (including deferred tax)	2,884	1,978
Provision for wealth tax	2	2
Provision/ write off of non performing advances	843	807
Depreciation/ write off (write back) of investments (net)	87	(4)
Provision for standard assets	37	289
Provision for restructured advances	(95)	(18)
Others *	41	64
Total	3,799	3,118

* Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.4 Provisions for income taxes during the year

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Provision for income tax	**2,884**	**1,978**
a) Current tax for the year	2,771	1,849
b) Deferred tax for the year	113	129

During the year ended 31 March 2012, the entire Special Reserve amount of Rs. 587 millions created under Section 36 (1) (viii) of the Indian Income Tax Act, 1961 (including Rs. 140 millions transferred during the year ended 31 March 2012) was treated as a deduction in the computation of provision for Income Tax. This resulted in one time reduction in tax expense by Rs. 145 millions for 2011-12.

18.5 Details of provisions

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	**403**	**405**
Additions during the year	40	87
Reversals during the year	9	89
Amounts utilised	3	0
Closing Balance	**431**	**403**

18.6 Investments

18.6.1 Value of Investments

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Gross value of Investments		
a. In India	183,198	127,484
b. Outside India	-	-
Provisions for depreciation		
a. In India	137	49
b. Outside India	-	-
Provision for Non –Performing Investments		
a. In India	300	300
b. Outside India	-	-
Net value of Investments		
a. In India	182,761	127,135
b. Outside India	-	-

18.6.2 Movement of provisions held towards depreciation on investments

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	350	354
Add: Provisions made during the year	110	-
Less: Write-off/write-back of excess provisions during the year	23	4
Closing balance	**437**	**350**

18.6.3 Non-performing non SLR investments

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	300	300
Additions during the year	-	-
Reduction during the year	-	-
Closing balance	300	300
Total provisions held	300	300

18.7 Advances

18.7.1 Information with respect to loan assets subjected to restructuring

(Rs. in millions)

S. No	Type of Restructuring ↓		➔Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
	Asset Classification ↓		Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total
	Details																	
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No.of borrowers	11	-	1	**12**	-	-	-	-	12	2	8	**22**	**23**	**2**	**9**	**34**
		Amt. Outstanding	3,332	-	381	**3,714**	-	-	-	-	174	64	456	**694**	**3,507**	**64**	**837**	**4,408**
		Provision thereon	164	-	-	**164**	-	-	-	-	2	0	2	**4**	**166**	**0**	**2**	**168**
2	Fresh restructuring during the year	No.of borrowers	3	-	-	**3**	-	-	-	-	-	-	-	-	**3**	-	-	**3**
		Amt. Outstanding	493	-	-	**493**	-	-	-	-	-	-	-	-	**493**	-	-	**493**
		Provision thereon	31	-	-	**31**	-	-	-	-	-	-	-	-	**31**	-	-	**31**

S. No	Type of Restructuring ➔		➔Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
	Asset Classification ➔		Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total
	Details																	
3	Upgradations to restructured standard category during the FY	No.of borrowers	1	-	(1)	**-**	-	-	-	-	-	-	-	-	**1**	-	**(1)**	**-**
		Amt. Outstanding	407	-	(381)	**26**	-	-	-	-	-	-	-	-	**407**	-	**(381)**	**26**
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No.of borrowers	(4)	-	-	**(4)**	-	-	-	-	(11)	(1)	-	**(12)**	**(15)**	**(1)**	-	**(16)**
		Amt. Outstanding	(1,407)	-	-	**(1,407)**	-	-	-	-	(164)	(3)	-	**(167)**	**(1,572)**	**(2)**	-	**(1,574)**
		Provision thereon	(93)	-	-	**(93)**	-	-	-	-	(1)	(0)	-	**(1)**	**(94)**	**(0)**	-	**(94)**
5	Downgradations of restructured accounts during the FY	No.of borrowers	-	-	-	-	-	-	-	-	-	(1)	1	-	-	**(1)**	**1**	-
		Amt. Outstanding	-	-	-	-	-	-	-	-	-	(61)	61	**(0)**	-	**(61)**	**61**	**(0)**
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No.of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	**(1)**	-	-	**(1)**	**(1)**
		Amt. Outstanding	-	-	-	-	-	-	-	-	-	-	(86)	**(86)**	-	-	**(86)**	**(86)**
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No.of borrowers	**11**	-	-	**11**	-	-	-	-	**1**	-	**8**	**9**	**12**	-	**8**	**20**
		Amt. Outstanding	**2,704**	-	-	**2,704**	-	-	-	-	**9**	-	**427**	**436**	**2,713**	-	**427**	**3,140**
		Provision thereon	**71**	-	-	**71**	-	-	-	-	**0**	-	-	**0**	**72**	-	-	**72**

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

18.7.2 Movement of Gross Non Performing Advances

(Rs. in millions)

Particulars	31 March 2013	31 March 2012
Opening Gross NPAs*	**1,495**	**1,554**
Additions (fresh NPAs) during the year	1,939	1,728
Total (A)	**3,434**	**3,282**
Less:-		
(i) Upgradations	1,016	32
(ii) Recoveries (excluding recoveries made from upgraded accounts)	515	1,235
(iii) Write- offs (including technical write offs)	689	520
Total (B)	**2,220**	**1,787**
Closing Gross NPAs* (A-B)	**1,214**	**1,495**

* After considering technical write offs. Gross NPAs before technical write offs – rRs. 5,702 millions (Previous Year – rRs. 5,629 millions).

18.7.3 Movement of Net Non Performing Advances

(Rs. In millions)

Particulars	31 March 2013	31 March 2012
Opening Net NPAs *	**525**	**918**
Additions during the year	97	208
Reductions (including write offs) during the year	531	601
Closing Net NPAs*	**91**	**525**
NPAs to advances (%) #	0.03	0.18
Provisioning Coverage Ratio (%)#	98.40	90.67

* After netting off ECGC claims received and held pending adjustments of Rs. 598 millions (Previous year: rRs. 600 millions).

\# Provision held against the NPA sold of Rs. 51 millions and Rs. 1 millions during the year 2006-07 & 2007-08 respectively has not been reversed to profit and loss account in view of RBI Circular No DBOD.No.BP.BC.16/21.04.048/2005 dated 13 July 2005 and is retained as provision for NPA to be utilized to meet the shortfall / loss on account of sale of other non performing financial assets.

18.7.4 Movement in provisions for Non Performing Advances

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	370	-
Additions during the year	843	890*
Technical write-offs/write backs during the year	689	520
Closing Balance *	**524**	**370**

* Inclusive of amount transferred from Suspense Account - Crystallised Receivables on account of crystallised derivative receivables.

18.7.5 Provisions on standard asset

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Provision towards standard assets during the year	37	289
Cumulative provision for standard assets as at year end	1,492	1,454

Provisions towards standard assets are included in “Other Liabilities and Provisions” in Schedule 5 to the balance sheet.

18.7.6 Purchase/ sale of non performing assets

The Bank did not purchase any non performing assets during the year ended 31 March 2013 (Previous year: Nil).

Details of non performing financial assets sold:

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
No. of accounts sold	1	17
Aggregate outstanding, net of provisions/ write offs (Rs. in millions)	-	0
Aggregate consideration received (Rs. in millions)	17	28

18.7.7 Sale of financial assets to Securitisation / Reconstruction Company for Asset Reconstruction:

The Bank did not sell any financial assets to Securitisation / Reconstruction Company during the year ended 31 March 2013 (Previous Year - NIL).

18.7.8 Off balance sheet SPVs sponsored

There are no off balance sheet SPVs sponsored by the Bank.

18.7.9 (a) Exposure to capital market

(Rs. in millions)

Sl. No.	Particulars	As at 31 March 2013	As at 31 March 2012
(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;	590	590
(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;	2,773	2,431
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by 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;	16	16
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	132	570
(vi)	loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	350
(viii)	underwriting commitments taken up by 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)	-	-
Total Exposure to Capital Market		**3,511**	**3,957**

Point (ii) above includes loans to investment companies amounting to Rs. 2,000 millions (Previous year: Rs. 2,000 millions) secured by bank deposits.

(b) Exposure to real estate sector

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Direct exposure		

Particulars	As at 31 March 2013	As at 31 March 2012
(i) Residential mortgages (fully secured)		
of which housing loan responsible for inclusion in priority sector advances.	9,880	9,372
Others	35,815	28,846
(ii) Commercial real estate		
Fund Based	13,464	13,838
Non- Fund Based	848	385
(iii)Investment in mortgage backed securities and other securitised exposures		
a. Residential	392	576
b. Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,213	6,269
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,000	1,000
Total	**73,612**	**60,286**

18.7.10 Prudential exposure limits – quantitative disclosures

a) During the year ended 31 March 2013, the Bank has complied with the Reserve Bank of India guidelines on single borrower and group borrower limit. As per the exposure limits permitted under the extant RBI regulation, the Bank with the approval of the Board of Directors can enhance exposure to a single borrower or group borrower by a further 5% of capital funds, subject to the borrower consenting to the Bank making appropriate disclosures in the Annual Report.

b) During the year ended 31 March 2013, with the prior approval of Board of Directors, the Bank exceeded the single borrower limit of 20% of Capital Funds to Unitech Wireless (Tamilnadu) Pvt. Ltd., Dishnet Wireless Ltd and Telewings Communications Services Pvt. Ltd. The exposure during the year to Unitech Wireless (Tamilnadu) Pvt. Ltd., Dishnet Wireless Ltd and Telewings Communications Services Pvt. Ltd as a percentage of capital funds stood at 22.73% (Previous year: 24.95%), 24.19% and 24.75%, respectively. However, this was within the additional 5% permitted by RBI as per para (a) above.

18.8 Leases

18.8.1 Operating Leases

The Bank has commitments under long-term non-cancellable operating leases primarily for premises. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases:

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
Not later than one year	61	55
Later than one year and not later than five years	78	104
Later than five years	-	-
Total minimum lease rental commitments	**139**	**159**

Additionally, the Bank also leases office / branch premises under cancellable operating lease agreements. Total lease rental expenditure under cancellable and non-cancellable operating leases debited to Profit and Loss Account in the current year is 801 millions (Previous year: Rs. 718 millions).

18.8.2 Finance leases

The Bank has not taken any assets under finance leases / hire purchase.

18.9 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2013	As at 31 March 2012
Earnings for the year (Rs. in millions)	6,132	4,564
Basic weighted average number of shares (Nos)	151,884,592	143,275,876
Basic EPS (Rs.)	40.37	31.85
Dilutive effect of stock options (Nos)	4,122,079	1,395,734
Diluted weighted average number of shares (Nos)	156,006,671	144,671,610
Diluted EPS (Rs.)	39.30	31.54
Nominal value of shares (Rs.)	10	10

18.10 Deferred taxes

In accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India (ICAI) and notified by Companies Accounting Standard Rules, 2006, provision for taxation for the year is arrived at after considering deferred tax charge of Rs. 113 millions (Previous year deferred tax charge of Rs. 129 millions) for the current year.

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred tax assets		
on account of provisions	834	744
on leave encashment	253	219
on investments	454	664
on pension fund	41	81
on Gratuity	0	0
Total deferred tax asset	**1,582**	**1,708**
Deferred tax liabilities		
on depreciation on fixed assets	141	154
on bad debts claim	153	154
Total deferred tax liability	**295**	**308**
Net deferred tax assets	**1,287**	**1,400**

18.11 Intangibles

(Rs. in millions)

Particulars	Gross block				Depreciation / Amortization				Net block
	As at 1 April 2012	Additions	Deletions	As at 31 March 2013	As at 1 April 2012	Charge for the year	Deletions	As at 31 March 2013	As at 31 March 2013
Intangible assets									
Application software*	1,009	129	-	1,138	875	103	-	978	160
Total	**1,009**	**129**	**-**	**1,138**	**875**	**103**	**-**	**978**	**160**
Previous year	**899**	**110**	**-**	**1,009**	**766**	**109**	**-**	**875**	**134**

* forms part of "Other fixed assets" in Schedule 10.

18.12 Related party transactions

List of related parties
Related parties with significant influence and with whom there are transactions during the year
ING Bank N.V. and its branches
ING Mauritius Holdings
ING Mauritius Investments
ING Vysya Bank Staff Provident Fund
ING Vysya Bank Staff Gratuity Fund
ING Vysya Bank Superannuation Fund
ING Vysya Bank (Employees) Pension Fund

Key Management Personnel – Mr. Shailendra Bhandari - Managing Director & Chief Executive Officer (MD & CEO)

Relatives of Key Management Personnel - Rina Bhandari, Shiv Bhandari and Shirin Bhandari.

In accordance with para 5 of AS 18 – Related Party Disclosures, transactions in the nature of banker – customer relationship are not disclosed in respect of Key Management Personnel and relatives of Key Management Personnel.

(Rs. in millions)

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Deposits accepted by the Bank	Maximum 1,220 (603) Outstanding 549 (128)	- (-) - (-)	Maximum 1,220 (603) Outstanding 549 (128)
Borrowings	Maximum 29,352 (23,089) Outstanding 28,198 (22,133)	- (-) - (-)	Maximum 29,352 (23,089) Outstanding 28,198 (22,133)
Borrowing - Tier I Bonds	Maximum 1,502 (1,452) Outstanding 1,207 (1,297)	- (-) - (-)	Maximum 1,502 (1,452) Outstanding 1,207 (1,297)
Borrowing - Tier II Bonds	Maximum 10 (10) Outstanding 10 (10)	- (-) - (-)	Maximum 10 (10) Outstanding 10 (10)
Borrowing - Upper Tier II Bonds	Maximum 4,531 (4,378) Outstanding 3,639 (3,910)	- (-) - (-)	Maximum 4,531 (4,378) Outstanding 3,639 (3,910)
Deposit kept with other banks	Maximum 945 (1,360) Outstanding	- (-)	Maximum 945 (1,360) Outstanding

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
	183 (78)	- (-)	183 (78)
Lending	Maximum 4,058 (4,070) Outstanding 2,063 (4,070)	- (-) - (-)	Maximum 4,058 (4,070) Outstanding 2,063 (4,070)
Interest paid	2,658 (2,379)	- (-)	2,658 (2,379)
Interest received	1,808 (1,121)	- (-)	1,808 (1,121)
Charges Paid	- (0)	- (-)	- (0)
Interest accrued but not due (payable)	177 (85)	- (-)	177 (85)
Interest accrued but not due (receivable)	0 (0)	- (-)	0 (0)
Dividend Paid	263 (197)	0 (-)	263 (197)
Purchase of securities	533 (528)	- (-)	533 (528)
Sale of securities	502 (2,704)	- (-)	502 (2,704)
Reimbursement received	9 (16)	- (-)	9 (16)
Rendering of services	9 (-)	- (-)	9 (-)
Reimbursement paid	7 (13)	- (-)	7 (13)
Receiving of services	16 (-)	- (-)	16 (-)
Contribution to employee welfare funds - Paid	1,019 (1,052)	- (-)	1,019 (1,052)
Contribution to employee welfare funds- Payable	1,384 (1,466)	- (-)	1,384 (1,466)
Managerial remuneration	- (-)	22 (20)	22 (20)
Letter of Credit / LUTs issued	308 (-)	- (-)	308 (-)
Bank guarantees-Issued	5,352 (9,011)	- (-)	5,352 (9,011)
Derivative transactions - notional outstanding	Maximum 96,268 (96,105) Outstanding 79,645 (96,105)	- (-) - (-)	Maximum 96,268 (96,105) Outstanding 79,645 (96,105)
Forward transactions	Maximum 6,500 (15,352) Outstanding 1,735 (228)	- (-) - (-)	Maximum 6,500 (15,352) Outstanding 1,735 (228)

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Premium paid	- (0)	- (-)	- (0)
Commission received	78 (25)	- (-)	78 (25)
Commission paid	2 (-)	- (-)	2 (-)
Loss on Liquidation	9 (12)	- (-)	9 (12)

During the year 2012-13, 0.12 millions (Previous Year: 0.13 millions) number of stock options under "ESOS 2010" scheme have been issued to the MD & CEO.

(Previous year's figures are given in parentheses)

18.13 Segmental Reporting

Segment Results for the year ended 31 March 2013

(Rs. in millions)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2013**	**Year ended 31 March 2013**	**Year ended 31 March 2013**	**Year ended 31 March 2013**	**Year ended 31 March 2013**
Result	1,779	4,782	2,458	-	9,019
Unallocated expenses					-
Operating Profit					9,019
Taxes					2,887
Extraordinary profit/loss					-
Net Profit					6,132
Other Information	**As at 31 March 2013**	**As at 31 March 2013**	**As at 31 March 2013**	**As at 31 March 2013**	**As at 31 March 2013**
Segment Assets	189,936	211,678	141,100	-	542,714
Unallocated Assets					5,658
Total Assets					548,372
Segment Liabilities	57,068	168,913	245,808	-	471,789
Unallocated Liabilities					30,247
Capital and Reserve & Surpluses					46,336
Total Liabilities					548,372

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

Segment Results for the year ended 31 March 2012

(Rs. in millions)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**
Result	1,044	2,974	2,526	-	6,544
Unallocated expenses					-
Operating Profit					6,544
Taxes					1,980
Extraordinary profit/loss					-
Net Profit					4,564
Other Information	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**
Segment Assets	164,163	177,688	122,492	-	464,343
Unallocated Assets					5,504
Total Assets					469,848
Segment Liabilities	52,462	138,140	215,130	-	405,732
Unallocated Liabilities					24,252
Capital and Reserve & Surpluses					39,864
Total Liabilities					469,848

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

18.14 Off Balance Sheet Items

18.14.1 Derivative contracts

Forward rate Agreements \ Interest Rate Swaps

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
The notional principal of swap agreements	197,961	207,217
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	753	964
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with bank (74.36%)	Predominantly with banks (74%)
The fair value of the swap book [asset / (liabilities)]	(405)	(182)

MTM netted off counterparty wise.

Currency Swaps

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
The notional principal of swap agreements	48,767	67,443
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	1,491	4,131
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with Banks (49.1%)	Predominantly with Banks (73%)
The fair value of the swap book [asset / (liabilities)]	999	623

MTM netted off counter party wise.

The Bank enters into derivative contracts such as Interest Rate Swaps ("IRS"), Forward Rate Agreements ("FRA"), Currency Swaps ("CS") and option agreements. Notional amounts of principal outstanding in respect of IRS, FRA and CS as at 31 March 2013 is Rs. 246,728 millions (Previous year Rs. 274,660 millions).

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2013

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	82	32,950	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	80	33,404	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	24	7,000	MIFOR	Fixed Payable vs Floating Receivable
Trading	50	17,500	MIFOR	Fixed Receivable vs Floating Payable
	Total	**90,854**		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	106	44,915	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	93	36,674	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	27	9,250	MIFOR	Fixed Payable vs Floating Receivable
Trading	44	17,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	**107,839**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2013

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	85	52,650	LIBOR	Fixed Payable vs Floating Receivable
Trading	89	42,062	LIBOR	Fixed Receivable vs Floating Payable
Trading	22	12,681	LIBOR	Floating Receivable vs Floating Payable
Trading	23	4,885	Principal	Fixed Payable
Trading	7	1,768	Principal	Fixed Receivable
Trading	20	6,434	Principal	Fixed Received vs Fixed Paid
Trading	79	7,849	Principal	Principal only Swaps
Hedging	2	3,448	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,224	LIBOR	Fixed Payable vs Floating Receivable
Hedging	2	2,676	Principal	Fixed Received vs Fixed Paid
	Total	**138,677**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	83	52,721	LIBOR	Fixed Payable vs Floating Receivable
Trading	95	51,044	LIBOR	Fixed Receivable vs Floating Payable
Trading	34	29,986	LIBOR	Floating Receivable vs Floating Payable
Trading	28	5,581	Principal	Fixed Payable
Trading	13	1,185	Principal	Fixed Receivable
Trading	15	5,770	Principal	Fixed Received vs Fixed Paid
Trading	41	5,277	Principal	Principal only Swaps
Hedging	2	3,910	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,528	LIBOR	Fixed Payable vs Floating Receivable
Hedging	7	6,820	Principal	Fixed Received vs Fixed Paid
	Total	**166,822**		

Foreign currency – Cap & Floor for the year ended 31 March 2013

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	4	5,884	LIBOR	Buy Cap
Trading	3	3,170	LIBOR	Sell Cap
Trading	1	2,714	LIBOR	Sell Floor
Trading	2	5,429	LIBOR	Buy Floor
	Total	**17,197**		

Foreign currency – Cap & Floor for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	3	5,329	LIBOR	Buy Cap
Trading	2	2,786	LIBOR	Sell Cap
Trading	1	2,544	LIBOR	Sell Floor
Trading	2	5,087	LIBOR	Buy Floor
	Total	**15,746**		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2013 is Rs. 594 millions (Previous year Rs. 442 millions), which represents the net mark to market profit/(loss) on swap contracts. As at 31 March 2013 the exposure to IRS, CS and FRA contracts is spread across industries. However based on notional principal amount the maximum single industry exposure lies with Banks at 80.50% (Previous year: 80.97%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of rRs. 223 millions (Previous year: Rs. 241millions) on total Interest Rate Swap trading book including Rupee IRS, FX IRS, CS and FRA. Agreements are with Banks/ Financial Institutions and corporate under approved credit lines.

The fair value of the Option Book as at 31 March 2013 on a net basis is Rs. 117 millions (Previous Year: Rs. 146 millions). As at 31 March 2013 notional outstanding for outstanding option contracts is Rs. 51,732 millions (Previous year: Rs. 33,150 millions).

The fair value of the Exchange traded Options as at 31 March 2013 on a net basis is Rs. (2) millions (Previous year: Rs. (1) millions). As at 31 March 2013 notional outstanding for outstanding Exchange traded option contracts is Rs. 819 millions (Previous year: Rs. 1,635 millions).

As at 31 March 2013 notional outstanding for outstanding Exchange traded currency futures is Rs. 163 millions (Previous year: Rs. 5,606 millions).

18.14.2 Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps

Exchange Traded Interest Rate Derivatives entered during the year ended 31 March 2013 amounts to Rs. NIL (Previous year: Rs. 510 millions). There were no Exchange Traded Forward Rate Agreements and Currency Swaps were entered during the year ended 31 March 2013 (Previous year: Nil).

(Rs. in millions)

S. No.	Particulars	March 31, 2013	March 31, 2012
I	The total notional principal amount of exchange traded interest rate derivatives undertaken during the year,(instrument-wise) (a) 91 days Treasury bill	-	510
II	The total notional principal amount of exchange traded interest rate derivatives outstanding as of Year end, (instrument-wise)	-	-
III	The notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective', as of Year end, (instrument-wise)	-	-
IV	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective', as of Year end, (instrument-wise)	-	-

18.14.3 Risk exposure on derivatives

The Bank currently deals in various derivative products, i.e., Rupee and Foreign Currency Interest Rate Swaps, Currency Swaps and Currency and Cross-currency options. These products are offered to the Bank's customers to enable them to manage their exposure towards movement in foreign exchange rates or in Indian / foreign currency interest rates. The Bank also enters in to these derivative contracts (i) to cover its own exposures resulting either from the customer transactions or own foreign currency assets and liabilities or (ii) as trading positions.

The derivative contracts, as above, expose the Bank to risks such as credit risk and market risk. Credit risk implies probable financial loss the Bank may ultimately incur, if the counter parties fail to meet their obligations. Market risk deals with the probable loss the Bank may ultimately incur as a result of movements in exchange rates, benchmark interest rates, credit spreads etc., to the extent that the exposures are not fully covered by the Bank on a back-to-back basis or as hedge positions.

The Bank has established an organization structure to manage these risks that operates independent of investment and trading activities. Management of these risks is governed by respective policies approved by the Board of Directors. While expanding relationship-banking activities, the Bank has put in place a credit policy by defining the internal risk controls. The policy incorporates the guidelines issued by the RBI from time to time. ISDA agreements are entered into with counterparties. The Bank has evolved a similar policy for managing market risks through specific product mandates, limits on book sizes, stop loss limits, Value at Risk limits (VaR), Event Risk Analysis, counter party limits etc.

The Bank has also set up a Asset-Liability Management Committee (“ALCO”) and a Risk Management Review Committee (“RMRC”), which monitor the risk on an integrated basis. The market risk and credit risk management teams monitor compliance with the policies on a continuous basis and there is a clearly defined procedure of reporting and ratification of any limit breaches for derivative products.

Quantitative disclosure:

(Rs. in millions)

Sl. No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	10,348	15,258	-	-
	b) For trading	38,419	52,185	197,961	207,217
(ii)	Marked to Market Positions				

Sl. No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	a) Asset (+)	1,726	4,239	1,289	1,942
	b) Liability (-)	727	3,616	1,695	2,124
(iii)	Credit Exposure	5,824	8,763	2,804	3,625
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives	-	-	182	206
	b) on trading derivatives	32	3	9	32
(v)	Maximum and Minimum of 100*PV01 #				
	a) on hedging				
	- Maximum	-	-	210	208
	- Minimum	-	-	181	150
	b) on trading				
	- Maximum	59	77	32	86
	- Minimum	0.42	0.01	0.05	0.01

Amounts stated are inclusive of impact of Currency swaps and Interest Rate Swaps and are stated at absolute values

* Does not include notional of Forward contracts and Currency options, trading or hedging.

18.14.4 Credit Default Swaps

The Bank did not deal in any credit default swaps during the year ended 31 March 2013 (Previous Year –NIL).

18.15 Capital (Tier I) raised during the year 2011-12

a) During the year 2011-12, the Bank raised Tier I capital of Rs. 9,695 millions by way of Qualified Institutions Placement (QIP) and preferential allotment. Pursuant to the resolution passed by the Shareholders of the Bank through postal ballot, as per the results declared on 8 June 2011, the Bank allotted 15,000,014 equity shares of face value of Rs. 10/- each by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIBs) for cash at a price of Rs. 342.09/- and 13,257,349 equity shares of face value of Rs. 10/- each by way of preferential allotment to ING Group for cash at a price of Rs. 344.23/-, to augment the capital adequacy ratio of the Bank.

In relation to this capital raising, the Bank incurred expenses of Rs. 62 millions towards payment of commission to the Book Running Lead Managers which has been adjusted against the Securities Premium Account. However, on account of the restrictions placed by Section 13 of the Banking Regulation Act, 1949 on the quantum of commission that can be paid, the Bank has sought RBI's approval, which is awaited.

b) During the year 2011-12, dividend appropriation of Rs 87 millions and dividend tax thereon of Rs. 12 millions represent, dividend and related dividend distribution tax for 2010-11 on the shares issued to Qualified Institutional Buyers and ING Group in June 2011 and shares issued under Employee Stock Options Schemes prior to the record date. This has been appropriated from carried forward profits relating to the previous year as per the shareholder's approval dated 7 September 2011.

18.16 Employee benefits

Provident fund plan

The Bank has a defined contribution plan in respect of provident fund. The contribution to the employees provident fund amounted to Rs. 141 millions for the year ended 31 March 2013 (Previous year Rs. 124 millions).

Gratuity, Pension and Leave Benefit plans

The Bank has defined benefit plans in respect of Gratuity, Pension and Leave Encashment. The Gratuity and Pension schemes are funded out of Trust fund set up separately for this purpose.

Reopening of Pension Option and amendment to the Payment of Gratuity Act, 1972

During the year 2010-2011, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result, the Bank incurred an additional liability of Rs. 1,217 millions being Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 930 millions on account of II Pension Option to existing employees.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of Rs. 1,217 millions was required to be charged to the profit and loss Account. However, the Reserve Bank of India vide their letter dated 8 April 2011 ("the RBI Letter") on Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, permitted the Bank to amortise the additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier over a period of five years beginning with the financial year ending 31 March 2011 subject to a minimum of 1/5th of the total amount involved every year.

Accordingly, the Bank during the year 2010-11 charged the full impact of Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 186 millions representing one-fifth of the full impact of II Pension Option to the existing employees as required by the RBI letter.

During the current year, the Bank has provided Rs. 186 millions (Previous year Rs. 186 millions) representing one-fifth of the full impact of II Pension Option to the existing employees. In terms of the requirements of the RBI Letter, the balance impact of Rs. 372 millions on account of II Pension Option to existing employees shall be provided over the next two years.

Had the RBI Letter not been issued, the profit of the Bank in the current year would have been lower by Rs. 372 millions (Previous year Rs. 558 millions) pursuant to application of the requirements of Revised AS 15.

Disclosures under AS -15

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

Profit and Loss account: - Net employee benefit expense (recognized in Employee Cost)

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
1. Current service cost	68	98	252	259
2. Interest cost on benefit obligation	89	81	277	300
3. Expected return on plan assets	(98)	(73)	(240)	(217)
4. Net actuarial (gain)/ loss recognized in the year	52	76	396	44
5. Past service cost	-	-	-	-
6. Net expenses (1+2+3+4+5)	111	182	685**	386**
Actual return on plan assets	95	84	239	231

** Excludes Rs. 186 millions representing one-fifth of the full impact of Rs. 930 millions on account of II Pension Option to the existing employees.

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
1. Current service cost	28	28	30	29

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
2. Interest cost on benefit obligation	35	39	21	19
3. Net actuarial (gain)/ loss recognized in the year	(5)	(76)	(5)	(19)
4. Past service cost	-	-	-	-
5. Net expenses recognised in profit and loss (1+2+3+4)	58	(9)	46	29

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Present value of obligation	1,235	1,114	3,973	3,642
Fair value of plan assets	(1,124)	(931)	(2,700)	(2,358)
Liability (Assets)	111	183	1,273	1,284
Liability (Asset) recognized in the Balance Sheet	111	183	1,273	1,284

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Present value of obligation	484	426	295	249
Fair value of plan assets	-	-	-	-
Liability (Assets)	484	426	295	249
Liability (Asset) recognized in the Balance Sheet	484	426	295	249

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Opening defined benefit obligation	1,114	966	3,642	3,684
Interest cost	89	81	277	300
Current service cost	68	98	252	259
Past service cost	-	-	-	-
Benefits paid	(85)	(117)	(593)	(659)
Actuarial (gains) / losses on obligation	49	86	395	58
Closing defined benefit obligation	1,235	1,114	3,973	3,642

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Opening defined benefit obligation	426	435	249	220
Interest cost	35	39	21	19
Current service cost	28	28	30	29
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	(5)	(76)	(5)	(19)
Closing defined benefit obligation	484	426	295	249

The Changes in the fair value of plan assets are as follows:

(Rs. in millions)

Particulars	Gratuity	Pension

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Opening fair value of plan assets	931	608	2,359	2,215
Expected return	98	73	240	217
Contributions by employer	182	356	695	571
Benefits paid	(85)	(117)	(593)	(659)
Actuarial gains / (losses)	(2)	11	(1)	14
Closing fair value of plan assets	1,124	931	2,700	2,358

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

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Investments with insurer	100%	100%	100%	100%
Investment in Government/ PSU bonds/securities	-	-	-	-

Experience Adjustments

(Rs. in millions)

Particulars	Gratuity		
	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligations	1,235	1,114	966
Plan assets	(1,124)	931	608
(Surplus) / deficit	111	183	358
Experience adjustments on plan liabilities	(2)	101	85
Experience adjustments on plan assets	(2)	11	(5)

(Rs. in millions)

Particulars	Pension		
	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligations	3,973	3,642	3,684
Plan assets	2,700	2,358	2,215
(Surplus) / deficit	1,273	1,284	1,469
Experience adjustments on plan liabilities	118	258	2,257
Experience adjustments on plan assets	(1)	14	908

Particulars	Leave Encashment and availment		
	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligations	779	674	655
Plan assets	-	-	-
(Surplus) / deficit	779	674	655
Experience adjustments on plan liabilities	(24)	(63)	37
Experience adjustments on plan assets	-	-	-

The above data on experience adjustments is disclosed to the extent of the relevant information is available in the valuation reports.

Principal assumptions used in determining gratuity, pension & leave encashment obligations for the Company's plans are shown below: -

Particulars	Gratuity			
	31 March 2013		31 March 2012	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	8.30 (IBA, CTC), 9.5 (Others)	8.36(CTC) 8.38(Others)	8.90 (IBA, CTC), 8.95 (Others)	8.90(CTC) 8.94(Others)
Expected rate of return on assets (%)	9.50	-	9.50	-

Particulars	Gratuity			
	31 March 2013		31 March 2012	
	IVB	IVFSL	IVB	IVFSL
Employee turnover (%) p.a.	1 (IBA), 25(CTC) 71 (Others)	31 (CTC), 97 (Others)	1 (IBA), 28(CTC) 55 (Others)	19 (CTC), 75 (Others)
Salary Escalation Rate (%) p.a	3.5(IBA), 9 (CTC) 9 (Others)	5	3 (IBA), 12 (CTC) 12 (Others)	10

Particulars	Pension			
	31 March 2013		31 March 2012	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	**8.27**	-	**8.94**	-
Expected rate of return on assets (%)	9.50	-	9.50	-
Employee turnover (%) p.a.	1(IBA)	-	1 (IBA)	-
Salary Escalation Rate (%) p.a	3.5	-	3.00	-

Particulars	Leave Encashment			
	31 March 2013		31 March 2012	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	8.27	-	8.94	-
Expected rate of return on assets (%)	N.A	-	N.A	-
Employee turnover (%) p.a.	1 (IBA)	-	1 (IBA), 28 (CTC)	-
Salary Escalation Rate (%) p.a	3.5(IBA)	-	3 (IBA) 12 (CTC)	-

Particulars	Leave Availment			
	31 March 2013		31 March 2012	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	8.30	8.36	8.90	8.90
Expected rate of return on assets (%)	N.A	N.A	N.A	N.A
Employee turnover (%) p.a.	1 (IBA), 25 (CTC)	31.00	1 (IBA), 28 (CTC)	19.00
Salary Escalation Rate (%) p.a	3.5(IBA) 9 (CTC)	5.00	3 (IBA) 12 (CTC)	10.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

With respect to defined benefit plans, the Bank is yet to determine the contributions expected to be paid to the plans during the annual period beginning 1 April 2013.

18.17 Additional Disclosure

Additional statutory information disclosed in separate financial statements of the parent and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

18.18 Other Disclosures

18.18.1 Draw down from Reserves

The Bank has utilized Rs. NIL (Previous year Rs. 73 millions) from the securities premium account for meeting direct expenses relating to the QIP issue, as per the RBI mail box clarification dated 9 October 2007.

18.18.2 Fees/remuneration received from Bancassurance business:

(Rs. in millions)

Sr. No.	Nature of Income	31 March 2013	31 March 2012
1	For selling life insurance polices	415	742
2	For selling non life insurance polices	40	28
3	For selling mutual fund products	282	288
4	Others	0	31
	TOTAL	**737**	**1,089**

18.18.3 The Bank on 3 April 2013 received a communication from a governmental agency alleging conversion of cheques totaling to Rs. 242 millions into a customer account over the last three years. The Bank has initiated an internal enquiry into the alleged matter, which is pending. However, so far there is no claim on the Bank is this regard.

18.18.4 Penalties levied by RBI on the Bank

During the year 2012-13 RBI imposed an aggregate penalty of Rs. 6 millions vide its letter DBS.CO.Pvt.SBMD.No.4527/15.01.077/2012-13 dated 9 October 2012 for inadequate adherence to guidelines issued by RBI in respect of KYC norms. The Bank paid the penalty on 16 October 2012.

During the year 2011-12, RBI imposed an aggregate penalty of Rs. 1 millions vide its letter DBS.CO. FBMD.14714 / 17.04.009 / 2010.11 dated 26 April 2011 for non adherence to directions / guidelines issued by RBI while carrying out derivative transactions during 2006-07 and 2007- 08. The Bank paid the penalty on 3 May 2011.

18.18.5 Letters of Comforts issued by the Bank

The Bank has 886 (Previous year: 641) letter of comforts/ undertaking issued and outstanding as on 31 March 2013 amounting to Rs. 19,396 millions (Previous year: Rs. 17,653 millions).

18.18.6 Disclosures on Remuneration

Qualitative Disclosures

Information relating to the composition and mandate of the Remuneration Committee:

Remuneration Committee includes members of the Board of Directors of the Bank of whom at least one member is from Risk Management and Review Committee of the Board. The majority of members of the Committee are independent non-executive directors. The Chairman of such meeting is an Independent Director to comply with the non mandatory requirement of Clause 49 Annexure I D (2) of the Listing Agreement.

Mandate of the Remuneration Committee (RC):

a) to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the board,

b) to work in close coordination with Risk Management and Review Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

c) to determine/review the Bank's policy on specific remuneration packages for the Whole time Directors/CEO/Other Risk takers and Control function staff whose professional activites have a material impact on the Bank's risk profile.

d) to ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio

e) to undertake overall supervision and administration of the compensation structure and polices with a view to attract and retain the right talent.

Key features and objectives of Remuneration policy:

All Remuneration can be divided into either Fixed Remuneration which would mean and include all payments like basic pay, perquisites, allowances or benefits without consideration of any performance

criteria and Variable Remuneration which would include all additional awards, payments or benefits depending on performance or, in certain cases other contractual criteria, whether discretionary or non discretionary.

Objectives of the Remuneration Policy:

- Performance management and remuneration is aligned with the business strategy, company values and risk appetite of the Bank with a focus on the long term interests of the Bank as a whole and its customers in order to ensure a strong risk alignment as well as protection of a sound capital base

- Align employee compensation to market benchmarks to support sustainable attraction, motivation and retention of staff

- Balance of fixed and variable remuneration

- Build long term stakes through long term incentive plans like ESOP.

Features of the Remuneration Policy:

The remuneration is adjusted for all types of risk that is measured through the Company Performance Matrix (CPM) at an organization level and the performance rating at the individual level. The methodologies for adjusting remuneration to risk and performance are consistent with general risk management and corporate governance framework.

- Individual ratings are arrived basis actual performance against goals set at the beginning of the financial year. The goals are set on dimensions like financial, process & control (includes parameters like NPA, audit rating), customer and people

- Fixed pay is reasonable and aligned to market/industry benchmarks and individual ratings

- Payouts under the variable pay plan are determined based on the Company Performance Matrix (CPM) and individual performance ratings as determined by the performance management guidelines on an annual basis.

- The drivers of the CPM are approved by the Remuneration Committee and may be subject to changes based on the priorities of the organization from time to time. Presently it includes business parameters, productivity and internal standards of control, which measures organization wide risks & control parameters. Variable pay is paid out as a percentage of the fixed compensation.

- The minimum gate condition for payout of variable pay on the basis of company performance is approved by the Remuneration Committee annually after consideration of factors like business/market conditions.

- ESOP does not form part of the variable remuneration and are selectively granted to attract and retain employees. The grants are based on the grade of employee, criticality of position and performance track of the employee.

- The Malus arrangement will be applied post disbursement of the variable pay from the financial year 2013-14, where the unpaid deferred variable remuneration is held back in the event where the capital adequacy is insufficient/ on account of misbehavior or where the business line has suffered a loss on account of significant failure of risk management.

Whole time directors/ CEO & Other Risk Takers:

- In respect to the above, the policy provides for reasonable increase in fixed compensation in line with industry practice and market benchmarks. The increments are linked to individual rating.

- Variable pay is in the form of cash at present. The individual variable pay will not exceed 70% of the fixed pay in a year. Variable payouts are subject to Deferral Scheme, where it exceeds

threshold limits ie 50% or more of Fixed Pay, then 40 % of the variable pay will be deferred in cash over a three year period in equal proportion.

- The policy does not provide for guaranteed bonus or sign on bonus in cash. The guaranteed bonus for the level of CEO /Whole Time Directors will be in the form of ESOPs only and restricted to the first year of employment.

- Severance pay will not be granted to any staff, except to extent any severance payments need to be paid under applicable law. Terminal benefits in the form of pension, provident fund and gratuity are in line with policies and as per the statutory norms.

- In the specific case of the Whole time Directors and MD &CEO, the Bank has the right to claw back any whole/portion of the paid and vested variable remuneration in the event of performance of acts which are considered malfeasance or fraud or specific conduct which has led to the material re-statement of the Bank's annual accounts and/or significant (reputational) harm to the Bank or any of its subsidiaries or affiliates

Control Function Staff:

For staff belonging to Control Functions (defined as employees in Risk, Compliance, Finance and Audit function who by virtue of their role have the ability to substantially alter and /or influence the risk impact for the Bank) the management of ING Vysya adopts the following general principles of remuneration:

i. the level of fixed remuneration of the Control functions is sufficiently high to ensure qualified and experienced staff can be employed;

ii. the ratio of fixed remuneration to variable remuneration is weighted in favour of fixed remuneration.

iii. the variable remuneration is predominantly based on function-specific objectives that include qualitative criteria, but is not based on the financial performance of the business level directly monitored by the Control functions; and

iv. at least 50% of the function specific objectives should be met in order to be considered eligible for variable remuneration.

Quantitative Disclosures**

(Rs. in millions)

			Year ended 31 March 2013
a)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.		
	Number of Meetings held		4
	Remuneration paid to members (Sitting Fee of Rs. 20,000 per meeting for each independent director only)		0.12
b)	i.	Number of employees having received a variable remuneration award during the financial year.	5
	ii.	Number and total amount of sign-on awards made during the financial year.	Nil
	iii.	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil
	iv.	Details of severance pay, in addition to accrued benefits, if any.	Nil
c)	i.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil
	ii.	Total amount of deferred remuneration paid out in the financial year	Nil
d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non- deferred.		Fixed – Rs. 48 Variable – Rs.

			Year ended 31 March 2013
			29(Non- deferred)
e)	i.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil
	ii.	Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil
	iii.	Total amount of reductions during the financial year due to ex-post implicit adjustments.	Nil

** The Quantitative disclosures only cover whole time Directors/Chief Executive Officer/Other Risk takers.

The remuneration policy as detailed under the qualitative disclosures mentioned above will be effective from 2012-13. The quantitative disclosures above on remuneration pertains to payments made in 2012 - 13 for the year 2011-12. Payments in the year 2013-14 for the year 2012-13 would be in line with the new policy guidelines as detailed above.

18.18.7 Previous year's figures

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's presentation.

Arun Thiagarajan
Chairman

Sanjeev Aga
Director

Place: Mumbai
Date: 29 April 2013

To
The Board of Directors of
ING Vysya Bank Limited

We have audited the accompanying consolidated Balance Sheet of ING Vysya Bank Limited ('the Bank') and its subsidiary (collectively known as 'the Group') as at 31 March 2012 and also the consolidated statement of Profit and Loss and the consolidated Cash Flow Statement of the Group for the year then ended, both annexed thereto. These financial statements are the responsibility of the Bank's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Bank's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements prescribed by the Companies (Accounting Standards)Rules, 2006.

The consolidated Balance Sheet and the consolidated statement of 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(1), (2) and (3C) of the Companies Act, 1956.

Without qualifying our opinion, we draw attention to Note 18.16 to the consolidated financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option, to the extent of Rs.558 millions pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter to the Bank dated 8 April 2011 regarding Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment.

Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India and guidelines issued by Reserve Bank of India in relation to preparation of consolidated financial statements:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;

(b) in the case of the consolidated statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

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

For B S R & Co.

Chartered Accountants
Firm's Registration No.: 101248W

Zubin Shekary
Partner
Membership No.: 048814
Mumbai
24 April 2012

ANNEXURE I

CONSOLIDATED BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	Schedule	31 March 2012	31 March 2011
CAPITAL AND LIABILITIES			
Capital	1	1,501	1,210
Employees' Stock Options Outstanding (Net)		16	19
Reserves and Surplus	2	38,347	25,081
Deposits	3	351,909	301,912
Borrowings	4	56,965	41,469
Other Liabilities and Provisions	5	21,277	20,456
TOTAL		**470,015**	**390,147**
ASSETS			
Cash and Balances with Reserve Bank of India	6	19,824	21,838
Balance with Banks and Money at call and short notice	7	12,482	3,377
Investments	8	127,134	110,562
Advances	9	287,367	236,021
Fixed Assets	10	5,010	5,031
Other Assets	11	18,198	13,318
TOTAL		**470,015**	**390,147**
Contingent Liabilities	12	1,225,691	584,097
Bills for collection		53,798	39,556
Significant accounting policies	17		
Notes on Accounts	18		

ANNEXURE II

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	Schedule	31 March 2012	31 March 2011
INCOME			
Interest Earned	13	38,569	26,940
Other Income	14	6,696	6,547
TOTAL		**45,265**	**33,487**
EXPENDITURE			
Interest Expended	15	26,483	16,874
Operating Expenses	16	11,101	10,259
Provisions and Contingencies		3,117	3,170
TOTAL		**40,701**	**30,303**
PROFIT / (LOSS)			
Net Profit/(Loss) for the period		4,564	3,184
Consolidated Net Profit / (Loss) for the year attributable to the Group		4,564	3,184
Add: Brought forward consolidated profit / (loss) attributable to the Group		5,215	3,346
TOTAL		**14,343**	**6,530**
APPROPRIATIONS			
Transfer to statutory reserve		1,141	797
Transfer to capital reserve		4	76
Transfer to Revenue & other reserves		-	-
Transfer to / (from) Investment reserve		2	(110)
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		140	130
Dividend Paid (Refer Note No.18.15.b)		87	-
Proposed dividend		600	363
Dividend tax (Refer Note No.18.15.b)		109	59
Balance carried to consolidated Balance Sheet		7,696	5,215
TOTAL		**8,634**	**6,530**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic		31.85	26.43
Diluted		31.55	25.93

ANNEXURE III

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
(A) Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	6,546	4,843
Adjustments for:		
Depreciation charges	519	498
Employee compensation expense (ESOS)	(1)	(1)
Provision/write off of Advances	807	1,561
(Profit) / Loss on revaluation of investment	549	975
Provision for Standard Assets	289	157
Other Provisions	35	(214)
Lease Adjustment Account	(20)	(20)
(Profit)/Loss on Sale of Non banking Assets (net)	-	-
(Profit)/Loss on Sale of Assets (net)	(8)	(151)
(Profit)/Loss on foreign exchange revaluation	-	-
Dividend received from subsidiary/ others	(10)	(7)
Cash Generated from Operation	8,706	7,641
Less: Direct Taxes Paid	2,507	2,014
	6,199	**5,627**
Adjustments for:		
Decrease / (Increase) in Advances	(52,153)	(52,511)
Decrease / (Increase) in Other assets	(4,326)	454
Non-Banking Assets sold	-	-
Decrease/ (Increase) in Investments	(17,121)	(6495)
Increase / (Decrease) in Deposits	49,997	43,294
Increase / (Decrease) in Other liabilities	192	396
Increase/ (Decrease) in Borrowings	-	-
Net Cash flow from / (used in) Operating Activities	**(17,212)**	**(9235)**
(B) Cash Flow from Investing Activities		
Purchase of Fixed assets / leased assets	497	(797)
Sale of Fixed assets/ Leased assets	20	364
Dividend & interest received from subsidiary/others	11	7
Net Cash flow used in Investing Activities	**(466)**	**(426)**
(C) Cash Flow from Financing Activities		
Proceeds from issue of shares	291	10
Share premium collected	9505	197
Dividend Paid	(522)	(357)
Increase / (Decrease) in Borrowings	15,496	4,755
Net Cash Flow from Financing Activities	**24,770**	**4,605**
Net Increase/ (Decrease) in Cash and Cash Equivalents	**7,092**	**(5,056)**
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)	**25,214**	**30,270**
Cash and Cash equivalents as at the end of the year (Including Money At Call and Short Notice) – Refer Schedule 6 & 7	**32,306**	**25,214**

ANNEXURE IV

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT

SCHEDULE 1 – CAPITAL

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
AUTHORISED CAPITAL		
350,000,000 (Previous Year 350,000,000 Equity Shares of Rs.10 each	3,500	3,500
100,000,000 (Previous Year 100,000,000) Preference shares of Rs.10 each	1,000	1,000
ISSUED CAPITAL		
150,411,637 (Previous Year 121,275,144)		
Equity shares of Rs.10 each	1,504	1,213
SUBSCRIBED AND CALLED UP CAPITAL		
150,123,831 (Previous Year 120,986,738)		
Equity shares of Rs.10 each fully called and paid up (Refer Note No. 18.15a)	1,501	1,210
TOTAL	**1,501**	**1,210**

SCHEDULE 2 - RESERVES AND SURPLUS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. STATUTORY RESERVE		
Opening balance	4,496	3,700
Additions during the year	1,141	797
TOTAL (A)	**5,637**	**4,497**
II. CAPITAL RESERVE		
(a) Revaluation Reserve		
Opening balance	1,042	1,080
Less: Revaluation reserve reversed consequent to sale of assets/ transfer of assets	(1)	(31)
Less: Depreciation transferred to Consolidated Profit and Loss Account	(7)	(7)
TOTAL (B)	**1,034**	**1,042**
(b) Capital Reserve on Consolidation		
Opening balance	1	1
Add: Additions during the year	-	-
Less: Deduction on divestment of Associate	-	-
TOTAL (C)	**1**	**1**
(c) Others		
Opening balance	1,245	1,169
Add: Transfer from Consolidated Profit and Loss Account	4	76
TOTAL (D)	**1,249**	**1,245**
TOTAL CAPITAL RESERVE (B+C+D)	**2,284**	**2,288**
III. SECURITIES PREMIUM		
Opening balance	12,054	11,846
Add: Additions during the year	9,581	208
Less: Deletions during the year	(73)	-
TOTAL (E)	**21,562**	**12,054**
IV. REVENUE AND OTHER RESERVES		
(a) SPECIAL RESERVE (u/s 36 (1) (viii) of Income Tax Act, 1961)		
Opening balance	447	317
Add: Additions during the year	140	130
TOTAL (F)	**587**	**447**
(b) Revenue Reserves		
Opening Balance	580	580
Add: Addition on consolidation of subsidiary	-	-
TOTAL (G)	**580**	**580**
(c) Investment Reserve		
Opening Balance	-	110
Add: Additions during the year	2	-
Less: Deductions during the year		(110)
TOTAL (H)	**2**	**-**
TOTAL (IV) (F+G+H)	**1169**	**1,027**
V. BALANCE IN CONSOLIDATED PROFIT AND LOSS ACCOUNT (I)	7,695	5,215
TOTAL (I to V)	**38,347**	**25,081**

SCHEDULE 3 - DEPOSITS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
A I. Demand deposits		
i. From banks	3,544	1,818
ii. From others	60,495	49,248
II. Savings bank deposits	56,429	53,515
III. Term deposits		
i. From banks	75,954	61,027
ii. From others	155,487	136,304
TOTAL (I to III)	**351,909**	**301,912**
B. Deposits of branches in India	**351,909**	301,912
C. Deposits outside India	**-**	**-**
TOTAL	**351,909**	**301,912**

SCHEDULE 4 - BORROWINGS*

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Borrowings in India		
i. Reserve Bank of India	-	-
ii. Other banks	4,403	1,379
iii. Other institutions and agencies	23,697	16,122
II. Borrowings outside India	28,865	23,968
TOTAL (I to II)	**56,965**	**41,469**

Secured borrowings included in (I) and (II) above is NIL (Previous Year NIL)

* Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of Rs. 11,206 millions as on 31 March 2012 (Previous Year Rs. 10,522 millions)

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Bills payable	3,681	4,386
ii. Inter office adjustments (net)	174	288
iii. Interest accrued	1,703	1,625
v. Provision against Standard Assets	1,454	1,165
vi. Others (including provisions)	14,265	12,992
TOTAL (i to vi)	**21,277**	**20,456**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Cash in hand (including foreign currency notes)	3,865	4,000
II. Balances with Reserve Bank of India		
i. In current account	15,959	17,838
ii. In other accounts		
TOTAL (I to II)	**19,824**	**21,838**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. In India		
i) Balances with banks		
a) In current accounts	1,671	1,058
b) In other deposit accounts	320	520
ii) Money at call and short notice		
a) With banks	600	-
b) With others	4,996	-
TOTAL (i to ii)	**7,587**	**1,578**
II. Outside India		
i) Balances with banks		
a) In current accounts	801	2
b) In other deposit accounts	-	-
ii) Money at Call and Short Notice		
a) With Banks	4,094	1,797
b) With Others	-	-
TOTAL (i to ii)	**4,895**	**1,799**
GRAND TOTAL (I to II)	**12,482**	**3,377**

SCHEDULE 8 - INVESTMENTS (NET OF PROVISONS)

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Investments in India		
i) Government securities # * $ ^	89,689	82,292
ii) Other approved securities	-	-
iii) Shares	590	81
iv) Debentures and bonds	1,876	785
v) Others @	34,979	27,404
TOTAL	**127,134**	**110,562**
II. Investments outside India	-	-
GRAND TOTAL	**127,134**	**110,562**
GROSS INVESTMENTS	127,484	110,916
Less: Depreciation/Provision for Investments	(350)	(354)
NET INVESTMENTS	**127,134**	**110,562**

Includes securities costing Rs. NIL (Previous Year Rs. 71 millions) pledged for availment of telegraphic transfer discounting facility.

* Net of Repo borrowings of Rs. 38,477 millions (Previous Year Rs. 2,117 millions) under the liquidity adjustment facility in line with Reserve Bank of India requirements.

$ Includes securities costing Rs. 1,365 millions (Previous Year Rs. 1,253 millions) pledged for margin requirement.

^ Includes securities costing Rs. 1,053 millions (Previous Year Rs. NIL millions) utilised for market repurchase transaction

@ Includes deposits with NABARD, NHB and SIDBI of Rs. 31,490 millions (Previous Year Rs. 26,604 millions) PTC's Rs. 558 millions (Previous Year Rs. 800 millions) and Certificate of deposit of Rs. 2,932 millions (Previous year NIL)

SCHEDULE 9 - ADVANCES (Net of Provisions)

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
A. i) Bills purchased and discounted	12,223	6,132
ii) Cash credits, overdrafts and loans repayable on demand	112,557	79,751
iii) Term loans	162,587	150,138
TOTAL	**287,367**	**236,021**
B. i) Secured by tangible assets*	253,493	203,401
ii) Covered by Bank/Government guarantees	1,586	2,178
iii) Unsecured	32,288	30,442
TOTAL	**287,367**	**236,021**
*** Includes advances secured against book debts**		
C. I ADVANCES IN INDIA		
i) Priority sector	94,940	80,471
ii) Public sector	36	1
iii) Banks	28	23
iv) Others	192,363	155,526
II ADVANCE OUTSIDE INDIA	-	-
TOTAL	**287,367**	**236,021**

SCHEDULE 10 - FIXED ASSETS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Premises		
i) At cost as on 31 March of preceding year (includes revaluation)	4,090	2,106
ii) Additions during the year	9	2,203
	4,099	4,309
iii) Deductions during the year	(2)	(219)
iv) Depreciation to date	(384)	(330)
I A. Capital work in progress	-	-
TOTAL	**3,713**	**3,760**
II. Other Fixed Assets (Including Furniture and Fixtures)		
i) At cost as on 31 March of the preceding year	4,573	4,091
ii) Additions during the year	518	535
	5,091	4,626
iii) Deductions during the year	(51)	(53)
iv) Depreciation to date	(4,004)	(3,595)
II A. Capital work in progress	105	136
TOTAL	**1,141**	**1,114**
III. Lease Fixed Assets		
i) At cost as on 31 March of the preceding year	1,541	1,541
ii) Additions during the year	-	-
	1,541	1,541
iii) Deductions during the year	-	-
iv) Depreciation to-date	(1,436)	(1,415)
v) Add: Lease adjustment account	290	269
vi) Less: Provision/ Write off of NPAs	(238)	(238)
TOTAL	**157**	**157**
GRAND TOTAL (I to III)	**5,010**	**5,031**

SCHEDULE 11- OTHER ASSETS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i Inter-office adjustment (net)		-
ii. Interest accrued	2,248	2,052
iii. Tax paid in advance and tax deducted at source (net)	1,366	865
iv. Stationery and stamps	9	11
v. Non banking assets acquired in satisfaction of claims (net)	-	-
vi. Others #	14,575	10,390
TOTAL	**18,198**	**13,318**

Includes deferred tax assets of Rs. 1,400 millions (Previous year Rs. 1,530 millions) Refer Note No. 18.10

SCHEDULE 12- CONTINGENT LIABILITIES

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Claims against the bank not acknowledged as debts	2	51
ii. Liability for partly paid investments	-	-
iii. Liability on account of outstanding forward exchange contracts*	834,728	220,160
iv. Liability on account of outstanding derivative contracts*@	307,810	296,867
v. Guarantees given on behalf of constituents in India	64,283	52,417
vi. Acceptances, endorsements and other obligations	17,801	13,786
vii. Other items for which the bank is contingently liable	1,067	816
TOTAL	**1,225,691**	**584,097**

* Represents notional amounts

@ Long term forwards exchange contracts amounting to Rs. 7460 millions (Previous year Rs. 5,158 millions) are managed as derivatives and accordingly reflected under liability on account of derivative contracts.

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

SCHEDULE 13 - INTEREST EARNED

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Interest/Discount on advances/bills	28,678	20,326
ii. Income on investments	9,819	6,463
iii. Interest on balances with RBI and other inter bank funds	6	21
iv. Others ()	66	130
TOTAL	**38,569**	**26,940**

SCHEDULE 14 - OTHER INCOME

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Commission, Exchange and Brokerage	4,690	4,189
ii. Profit/ (Loss) on sale of investments (net)	123	819
iii. Profit/ (Loss) on revaluation of investments (net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other assets (net)	8	151
v. Profit/ (Loss) on Exchange/ Derivative transactions (net)	1,471	1,021
vi. Income earned by way of dividends etc.from subsidiaries/companies and joint ventures abroad/in India	8	1
vii. Lease income	-	-
viii. Miscellaneous income #	396	366
TOTAL	**6,696**	**6,547**

Includes recovery from written off accounts amounting to Rs. 256 millions (Previous year Rs. 303 millions)

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Interest on Deposits	21,528	13,566
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	2,467	478
iii. Others (including interest onTier II Bonds and IRS)	2,488	2,830
TOTAL	**26,483**	**16,874**

SCHEDULE 16 - OPERATING EXPENSES

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Payments and Provisions for Employees	6,733	6,453
ii. Rent, Taxes and Lighting	978	814
iii. Printing and Stationery	131	110
iv. Advertisement and Publicity	44	26
v. Depreciation on Bank's Property	498	477
vi. Director's Fees, Allowances & Expenses	5	5
vii. Auditors' Fees and Expenses (Including Branch Auditors)	6	7
viii. Law Charges	31	38
ix. Postage,Telegrams,Telephones	214	209
x. Repairs and Maintenance	313	277
xi. Insurance	306	258
xii. Other expenditure	1,842	1,585
TOTAL	**11,101**	**10,259**

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

1 BACKGROUND

ING Vysya Bank Limited ("IVB" or "the Bank") was incorporated on 29 March 1930 and is headquartered in Bangalore. Subsequent to the acquisition of stake in the Bank by ING Group N.V. in August 2002, the name of the Bank was changed from "The Vysya Bank Limited" to "ING Vysya Bank Limited".

The Bank is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ING Vysya Financial Services Limited ("IVFSL"), a wholly owned subsidiary of the Bank, is engaged in the business of non-fund/fee based activities of marketing and distribution of various financial products/services of the bank..

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Bank and its wholly owned subsidiary (hereinafter referred to as "the Group") are prepared under the historical cost convention, on accrual basis of accounting, unless otherwise stated and in accordance with generally accepted accounting principles in India statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time, Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and current practices prevailing within the banking industry in India. The accounting policies have been consistently applied except for the changes in accounting policies disclosed in these financial statements, if any.

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

3 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of financial statements. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

4 BASIS OF CONSOLIDATION

a. The consolidated financial statements include the financial statements of the Bank and its subsidiary.

b. The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21 -'Consolidated Financial Statements' prescribed by the ICAI.

c. The audited financial statements of the Bank and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances, material intra-group transactions and resulting unrealized profits are eliminated in full and unrealized losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.

d. The cost of investment of Bank in subsidiary is eliminated. The excess or shortfall of such cost over the Bank's portion of equity of subsidiary is treated as Goodwill or Capital Reserve.

e. The reporting date for the subsidiary is 31 March 2012. For the purposes of preparation of the consolidated financial statements, the audited financial statements of subsidiary have been considered.

5 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a. Income and expenditure is accounted for on an accrual basis except as stated below:

Interest on advances, securities and other assets classified as Non-Performing Assets is recognized on realization in accordance with the guidelines issued by the RBI.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognized at the inception of the loan.

b. Income on assets given on lease

Finance income in respect of assets given on lease is accounted based on the interest rate implicit in the lease in accordance with the guidance note issued by the ICAI in respect of leases given up to 31 March 2001 and in accordance with AS 19 – "Leases" in respect of leases given from 1 April 2001.

c. Premium/discount on acquired loans

Premium paid/discount received on loans acquired under deeds of assignment are recognised in the profit and loss account in the year of such purchases.

d. Sale of investments

Realized gains on investments under Held To Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated, from the profit available for appropriation, if any, to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

e. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

f. Commission on guarantees and letters of credit issued are amortised on a straight-line basis over the period of the respective guarantees/ letters of credit.

6 FOREIGN EXCHANGE TRANSACTIONS

a. Transactions denominated in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

b. Monetary assets and liabilities denominated in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the balance sheet date as notified by Foreign Exchange Dealers Association of India ("FEDAI") and resulting gains/losses are recognised in the profit and loss account.

c. Outstanding foreign exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/ loss on revaluation is included in the profit and loss account.

d. Contingent liabilities denominated in foreign currencies are disclosed at the balance sheet date at the rates notified by FEDAI.

7 DERIVATIVE TRANSACTIONS

Derivative transactions comprise long term forward contracts, interest rate swaps, currency swaps, currency and cross currency options to hedge on-balance sheet assets and liabilities or to take trading positions.

Derivative transactions designated as "Trading" are Marked to Market ("MTM") with resulting gains/losses included in the profit and loss account. Derivative transactions designated as "Hedge" are

accounted for on an accrual basis.

Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through the profit and loss account.

8 INVESTMENTS

For presentation in the Balance sheet, investments (net of provisions) are classified under the following heads – Government securities, Other approved securities, Shares, Debentures and Bonds, and Others, in accordance with the Third Schedule to the Banking Regulation Act, 1949.

Valuation of investments is undertaken in accordance with the "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI. For the purpose of the valuation, the Bank's investments are classified into three categories, i.e. 'Held to Maturity', 'Held for Trading' and 'Available for Sale' at the time of their purchase:

a. "Held to Maturity" (HTM) comprises securities acquired by the Bank with the intention to hold them upto maturity. With the issuance of RBI Circular No. DBOD.BP.BC.37/21.04.141/2004-05 dated 2 September 2004, the investment in SLR securities under this category is permitted to a maximum of 25% of Demand and Time Liabilities.

b. "Held for Trading" (HFT) comprises securities acquired by the Bank with the intention of trading i.e. to benefit from short-term price/interest rate movements.

c. "Available for Sale" (AFS) securities are those, which do not qualify for being classified in either of the above categories.

d. Transfer of securities between categories of investments is accounted for at the acquisition cost / book value / market value on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is fully provided for.

Valuation of investments is undertaken as under:

a. For investments classified as HTM, excess of cost over face value is amortized over the remaining period of maturity on a straight line basis. The discount, if any, being unrealised is ignored. Provisions are made for diminutions other than temporary in the value of such investments.

b. Investments classified as HFT and AFS are revalued at monthly intervals as per RBI and FIMMDA valuation norms. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

c. In the event provisions created on account of depreciation in the "Available for sale" or "Held for trading" categories are found to be in excess of the required amount in any year, such excess is recognised in the profit and loss account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve account in accordance with RBI guidelines after adjusting for income tax and appropriation to statutory reserve.

d. Treasury bills and Commercial paper being discounted instruments are valued at carrying cost.

e. REPO and Reverse REPO transactions conducted under LAF with RBI are accounted for on an outright sale and outright purchase basis respectively in line with RBI guidelines. The cost/income of the transactions upto the year end is accounted for as interest expense/income. However, in case of reverse REPO, the depreciation in value of security compared to original cost is provided for. Market REPO and Reverse REPO transactions are accounted as collateralised borrowings and lending respectively.

f. The Bank follows settlement date method of accounting for purchase and sale of investments.

9 ADVANCES

Advances are classified into standard, sub-standard, doubtful and loss assets in accordance with the guidelines issued by RBI and are stated net of provisions made towards non-performing advances.

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and also encourage banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories, and the provisioning done is higher than the minimum prescribed under RBI guidelines.

As per RBI guidelines, a general provision at the rate of 0.40% is made on all the standard advances except for the following where provision is made at different rates

a) at 0.25% for loans to Small and Medium Enterprises and direct agricultural advances; and

b) at 1.00% on Commercial Real Estate (CRE) sector.

c) at 2.00% on Housing loans granted at teaser rates.

Provision towards standard assets is shown separately in the Balance Sheet under Schedule-5 – "Other liabilities and Provisions".

For restructured/rescheduled assets, provision is made for diminution in the fair value of the assets in accordance with the guidelines issued by RBI.

10 FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation, with the exception of premises, which were revalued as at 31 December 1999, based on values determined by approved valuers.

Cost includes cost of purchase of the asset and all other expenditure in relation to its acquisition and installation and includes taxes (excluding service tax), freight and any other incidental expense incurred on the asset before it is ready for commercial use.

Office Equipment (including Electrical and Electronic equipment, Computers, Vehicles and other Office appliances) are grouped under Other Fixed Assets.

a. Depreciation on Premises is charged on straight line basis at the rate of 1.63% upto 31 March 2002 and at 2% with effect from 1 April 2002.

b. Additional depreciation on account of revaluation of assets is deducted from the current year's depreciation and adjusted in the Revaluation Reserve account.

Depreciation on the following items of Fixed Assets is charged over the estimated useful life of the assets on a straight line basis. The rates of depreciation are:

i. Electrical and Electronic equipment – 20%

ii. Furniture and Fixtures – 10%

iii. Vehicles – 20%

iv. Computers and Software – 33.33%

v. ATMs and VSAT equipment – 16.66%

vi Improvements to leasehold premises – amortised over the shorter of primary period of lease or estimated useful life of such assets, which is currently estimated at 6 years.

Depreciation on leased assets is provided on WDV method at the rates stipulated under Schedule XIV to the Companies Act, 1956. In case of IVFSL, depreciation on leased assets is charged over the

primary lease period of the respective assets on a straight line basis.

Software whose actual cost does not exceed Rs. 100,000 and other items whose actual cost does not exceed Rs. 10,000 are fully depreciated in the year of purchase.

Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the date of disposal. Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Profits on sale of fixed assets is first credited to profit and loss account and then appropriated to capital reserve.

11 IMPAIRMENT OF ASSETS

In accordance with AS 28 – Impairment of Assets, the Bank assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the cash generating unit. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to a maximum of depreciated historical cost.

12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

13 NON-BANKING ASSETS

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

14 EMPLOYEES' STOCK OPTION SCHEME

The Employee Stock Option Schemes provide for the grant of equity shares of the Bank to its employees. The Schemes provide that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

15 STAFF BENEFITS

The Bank provides for its Pension, Gratuity and Leave liability based on actuarial valuation as per the Accounting Standard 15 (Revised).

i. A retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution

payable to the respective trusts.

ii. Gratuity, Pension and Leave Encashment Liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

In case of IVFSL Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the profit and loss Account of the year when the contributions are due. The contributions towards provident fund are made to Statutory Authorities.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Company has a leave policy for the availment of accumulated leave, it does not provide for encashment of leave. Leave liability is provided on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

16 LEASE TRANSACTIONS

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss Account on a straight line basis over the lease term.

17 TAXES ON INCOME

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

The Bank offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

18. NET PROFIT/ (LOSS)

Net profit / (loss) disclosed in the consolidated profit and loss account is after considering the following:

- Provision/ write off of non-performing assets as per the norms prescribed by RBI;
- Provision for income tax and wealth tax;
- Depreciation/ write off of investments; and
- Other usual, necessary and mandatory provisions, if any.

19. EARNINGS PER SHARE (“EPS”)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

20. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Such provisions are not discounted to present value. A disclosure for a contingent liability is made when there is a possible obligation, or a present obligation where outflow of resources is not probable. Where 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 resource would be required to settle the obligation, the provision is reversed. The bank does not account for or disclose contingent assets, if any.

18 NOTES TO ACCOUNTS

18.1 List of subsidiary considered for consolidation

Sl No	Name	Country of incorporation	Extent of holding as on 31 March 2012	Voting Power
Subsidiary				
1	ING Vysya Financial Services Limited (IVFSL)	India	100%	100%

18.2 Employee stock option scheme

ESOS 2002

The employee stock option scheme ("ESOS 2002" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 23 July 2001 and by the shareholders at the Annual General Meeting held on 29 September 2001. A total of 500,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme was in force. These options vest over a period of five years from the date of grant i.e. 20% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. Consequent to the rights issue of the Bank during the financial year 2005-2006, appropriate adjustments were made to the number of outstanding options and initially fixed exercise price. ESOS 2002 was discontinued by the Bank at the Annual General Meeting held on 22 September 2005. No further options have been granted under this scheme.

The movements in ESOS 2002 during the year ended 31 March 2012 and 31 March 2011 is as under:

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 20 11	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	-	-	480	97.50
Less: Options exercised during the year	-	-	-	-
Less: Options forfeited	-	-	480	97.50
Stock options outstanding at the end of the year	-	-	-	-

ESOS 2005

The employee stock option scheme ("ESOS 2005" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 27 July 2005 and by shareholders at the Annual General Meeting held on 22 September 2005. A total of 893,264 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of four years from the date of grant i.e. 25% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. The board level committee in their meeting dated 25 October 2007 approved the grant of options under ESOS 2005 loyalty options scheme.

The movements in ESOS 2005 during the year ended 31 March 2012 and 31 March 2011 are as under:

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	263,419	172.98	430,864	170.13
Add: Options granted during the year	-	-	-	-
Less: Options exercised during the year	35,660	165.15	160,116	165.16
Less: Options forfeited	7,700	178.70	7,329	176.20
Stock options outstanding at the end of the year	**220,059**	**174.05**	**263,419**	**172.98**

ESOS 2007

The employee stock option scheme ("ESOS 2007" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 7 March 2007 and by the shareholders through postal ballot meeting held on 11 May 2007. A total of 78,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2007 during the year ended 31 March 2012 and 31 March 2011 are as under:

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	6,065,000	250.02	6,994,599	243.81
Add: Options granted during the year	70,000	290.50	208,500	258.16
Less: Options exercised during the year	843,470	200.41	834,449	215.54
Less: Options forfeited	203,250	284.43	303,650	255.66
Stock options outstanding at the end of the year	**5,088,280**	**257.43**	**6,065,000**	**250.02**

ESOS 2010

The employee stock option scheme ("ESOS 2010" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 29 April 2010 and by the shareholders at the last AGM held on 1 July 2010. A total of 1,15,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2010 during the year ended 31 March, 2011 and 31 March 2011 are as under:

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	3,595,500	358.78	-	-
Add: Options granted during the year	3,554,975	323.37	3,677,500	358.57
Less: Options exercised during the year	-	-	-	-
Less: Options forfeited	405,250	346.95	82,000	349.15
Stock options outstanding at the end of the year	**6,745,225**	**340.83**	**3,595,500**	**358.78**

The details of exercise price for stock options outstanding as at 31 March 2012 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2002 Tranche II	92.59-136.47	38,004	2.13	122.45
ESOS 2005 Tranche I	184.82	182,055	2.10	184.82
ESOS 2005 (Loyalty Options)	114.20-380.40	5,088,280	3.64	257.43
ESOS 2007 Tranche 1	322.55-403.95	6,745,225	5.70	340.83

The details of exercise price for stock options outstanding as at 31 March 2011 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2002 Tranche II	92.59-136.47	49,989	3.07	122.43
ESOS 2005 Tranche I	184.82	213,430	3.15	184.82
ESOS 2005 (Loyalty Options)	114.20 - 380.40	6,065,000	4.54	250.02
ESOS 2007 Tranche 1	349.15 - 403.95	3,595,500	6.32	358.78

The weighted average share price for all options exercised during the year is Rs. 323.83 per share (Previous Year: Rs. 357.09).

All options under each scheme when exercised are settled through issue of equity shares.

The Bank follows the intrinsic method for valuing the stock options. The difference between employee compensation costs computed based on such intrinsic value and employee compensation cost that would have been recognized if fair value of options had been used is explained below:

Employee Compensation Cost

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Intrinsic Value	(1)	(1)
Fair value*	330	288
Excess to be Charged	**331**	**289**

Impact on Profit

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Declared Profit	4,564	3,184
Less: Adjustment for additional charge due to Fair Value	331	289
Adjusted Profit	**4,233**	**2,895**

Impact on Earnings Per Share

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Declared in the financial Statements		
Basic (Rs.)	31.85	26.43
Diluted (Rs.)	31.55	25.93
Revised EPS		
Basic (Rs.)	29.54	24.03
Diluted (Rs.)	29.26	23.58

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Risk free interest rate**	6.33% - 8.04%	7.72% - 7.74%	4.99% - 9.25%	6.49% - 8.38%
Expected Life (excluding vesting period)	1 Year	1 Year	1 Year	1 Year
Expected Volatility	31.62% -	45.23%	36.71% -	36.71%-

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
	47.40%		51.58%	38.72%
The price of the underlying share in market at the time of option grant (as per NSE) (Rs.)	162.6 - 260.65	262.60	114.20-380.40	322.55 - 403.95

* The Black-Scholes Model is used to calculate a theoretical call price (ignoring dividends paid during the life of the option) using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.

** Risk free interest rate is taken from the rates given by Fixed Income Money Market and Derivatives Association of India (FIMMDA) for Government securities.

The call option values under Black- Scholes Model for option valuation under different schemes for outstanding options as on 31 March 2012 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Option price at the date of grant (Rs.)	58.33 - 180.50	118.92 - 135.34	36.25 - 153.16	90.44 –195.82
Weighted average Fair Value of the options at the date of grant (Rs.)	83.09	127.64	102.23	115.13

18.3 Provisions and contingencies debited to the profit and loss account include

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Provision for income tax (including deferred tax)	1,978	1,651
Provision for wealth tax	2	2
Provision/ write off of non performing advances	807	1,561
Depreciation/ write off (write back) of investments (net)	(4)	12
Provision/ write off of non performing investments	-	43
Provision for standard assets	289	157
Provision for restructured advances	(18)	(217)
Others *	63	(40)
Total	**3,117**	**3,169**

* Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.4 Details of provisions

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	405	428
Additions during the year	87	41
Reversals during the year	89	63
Amounts used	0	1
Closing Balance	**403**	**405**

The above provisions include provisions made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.5 Provisions for income taxes during the year

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Provision for income tax (including deferred tax)	1,978	1,651

During the year ended 31 March 2012, the entire Special Reserve amount of Rs. 587 millions created under Section 36 (1) (viii) of the Indian Income Tax Act, 1961 (including Rs. 140 millions transferred in the current year) is treated as a deduction in the computation of current year's tax provision. This resulted in one time reduction in tax expense by Rs. 145 millions.

18.6 Investments

18.6.1 Non-performing non SLR investments

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	300	0
Additions during the year	-	300
Reduction during the year	-	-
Closing balance	300	300
Total provisions held	300	300

18.6.2 Value of Investments

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Gross value of Investments		
a. In India	1,27,484	1,10,916
b. Outside India	-	-
Provisions for depreciation	-	-
a. In India	350	354
b. Outside India	-	-
Net value of Investments	-	-
a. In India	1,27,134	1,10,562
b. Outside India	-	-

18.6.3 Movement of provisions held towards depreciation on investments

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	354	41
Add: Provisions made during the year	-	313
Less: Write-off/write-back of excess provisions during the year	4	-
Closing balance	**350**	**354**

18.7 Advances

18.7.1 Information with respect to loan assets subjected to restructuring

(Rs. in millions)

Particulars		CDR Mechanism		SME Debt restructuring		Others	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Standard advances restructured	No. of Borrowers	6	2	-	-	1	1
	Amount	1,623	262	-	-	10	20

Particulars		CDR Mechanism		SME Debt restructuring		Others	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	outstanding						
	Sacrifice*	46	38	-	-	1	1
Sub standard advances restructured	No. of Borrowers	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-
	Sacrifice*	-	-	-	-	-	-
Doubtful advances restructured	No. of Borrowers	-	1	-	-	-	-
	Amount outstanding	-	359	-	-	-	-
	Sacrifice*	-	-	-	-	-	-
Total	No. of Borrowers	**6**	**3**	**-**	**-**	**1**	**1**
	Amount outstanding	**1,623**	**621**	**-**	**-**	**10**	**20**
	Sacrifice*	**46**	**38**	**-**	**-**	**1**	**1**

*Sacrifice is diminution in the fair value

18.7.2 Movement of Gross NPAs

(Rs. in millions)

Particulars	31 March 2012	31 March 2011
Opening Gross NPAs*	**1,554**	**2,345**
Additions (fresh NPAs) during the year	1,728	2,360
Total (A)	**3,282**	**4,705**
Less:-		
(i) Upgradations	32	140
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,235	1,450
(iii) Write- offs (including technical write offs)	520	1,561
Total (B)	**1,787**	**3,151**
Closing Gross NPA* (A-B)	**1,495**	**1,554**

* After considering technical write offs. Gross NPAs before technical write offs – Rs. 5,629 millions (Previous Year – Rs. 5,532 millions).

18.7.3 Movement of Net NPAs

(Rs. in millions)

Particulars	31 March 2012	31 March 2011
Opening Net NPAs *	918	2,218
Additions during the year	208	-
Reductions (including write offs) during the year	601	1,300
Closing Net NPAs*	**525**	**918**
NPAs to advances (%) #	0.18	0.39
Provisioning Coverage Ratio (%)#	90.67	83.41

* After netting off ECGC claims received and held pending adjustments of Rs. 560 millions (Previous year: Rs. 636 millions)

\# Provision held against the NPA sold of Rs. 51 millions and Rs. 1 millions during the year 2006-07 & 2007-08 respectively has not been reversed to profit and loss account in view of RBI Circular No DBOD.No.BP.BC.16/21.04.048/2005 dated 13 July 2005 and is retained as provision for NPA to be utilized to meet the shortfall / loss on account of sale of other non performing financial

assets.

18.7.4 Movement in provisions for NPA

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	-	-
Additions during the year *	890	1,561
Technical write-offs/write backs during the year	520	1,561
Closing Balance*	**370**	**-**

* Inclusive of amount transferred from Suspense Account - Crystallised Receivables on account of crystallised derivative receivables.

18.7.5 Provisions on standard asset

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Provision towards standard assets during the year	289	157
Cumulative provision for standard assets as at year end	1,454	1,165

Provisions towards standard assets are included in "Other Liabilities and Provisions" in Schedule 5 to the balance sheet.

18.7.6 Purchase/ sale of non performing assets

The Bank did not purchase any non performing assets during the year ended 31 March 2012 (Previous year: Nil).

Details of non performing financial assets sold:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
No. of accounts sold	17	1
Aggregate outstanding, net of provisions/ write offs (Rs. in millions)	-	-
Aggregate consideration received (Rs. in millions)	28	15

18.7.7 Sale of financial assets to Securitisation / Reconstruction Company for Asset Reconstruction:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Total number of accounts	-	2
Total number of transactions	-	2
Book value (net of provisions) of accounts sold (Rs. in millions)	-	133
Aggregate consideration received (Rs. in millions)	-	135
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/ (loss) over net book value (Rs. in millions)	-	2

Contribution Agreement

The Bank invests in SPVs through contribution agreements and such amounts invested are recorded as loans and advances. The interest is recognized based on net yields on these transactions.

18.7.8 (a) Exposure to capital market

(Rs. in millions)

Sl. No.	Particulars	As at 31 March 2012	As at 31 March 2011
(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;	590	82
(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;	2,431	2,047
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by 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;	16	3
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	570	182
(vi)	loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	350	-
(viii)	underwriting commitments taken up by 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)	-	-
Total Exposure to Capital Market		**3,957**	**2,314**

Point (ii) above includes loans to investment companies amounting to Rs. 2,000 millions (Previous year: Rs. 2,000 millions) secured by bank deposits.

(b) Exposure to real estate sector

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Direct exposure		
(i) Residential mortgages (fully secured)		
Individual housing loans up to Rs. 25 lakhs	9,372	13,169
Others	28,846	30,354
(ii) Commercial real estate		
Fund Based	13,838	10,582
Non- Fund Based	385	456

Particulars	As at 31 March 2012	As at 31 March 2011
(iii)Investment in mortgage backed securities and other securitised exposures		
a. Residential	576	824
b. Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	6,269	3,330
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,000	-
Total	**60,286**	**58,715**

18.7.9 Prudential exposure limits – quantitative disclosures

a) During the year ended 31 March 2012, the Bank has complied with the Reserve Bank of India guidelines on single borrower and group borrower limit. As per the exposure limits permitted under the extant RBI regulation, the Bank with the approval of the Board of Directors can enhance exposure to a single borrower or group borrower by a further 5% of capital funds, subject to the borrower consenting to the Bank making appropriate disclosures in the Annual Report.

b) During the year ended 31 March 2012, with the prior approval of Board of Directors, the Bank exceeded the single borrower limit of 20% of capital funds to Unitech Wireless (Tamilnadu) Pvt Ltd and Sistema Shyam Teleservices Ltd. As at 31 March 2012, the exposure to Unitech Wireless (Tamilnadu) Pvt Ltd and Sistema Shyam Teleservices Ltd as a percentage of capital funds was 24.95 % (Previous year: 24.98%) and 15.97 % (Previous year: 23.57%) respectively. However, this was within the additional 5% permitted by RBI as per para (a) above.

18.8 Leases

18.8.1 Operating Leases

The Bank has commitments under long-term non-cancellable operating leases primarily for premises. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases:

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
Not later than one year	55	41
Later than one year and not later than five years	104	46
Later than five years	-	-
Total minimum lease rental commitments	**159**	**87**

Additionally, the Bank also leases office/branch premises under cancellable operating lease agreements. Total lease rental expenditure under cancellable and non-cancellable operating leases debited to profit and loss account in the current year is Rs. 718 millions (Previous year: Rs 588 millions).

18.8.2 Finance leases

The Bank has not taken any assets under finance leases / hire purchase.

18.9 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2012	As at 31 March 2011
Earnings for the year (Rs. in millions)	4,564	3,184
Basic weighted average number of shares (Nos)	143,275,876	120,456,832
Basic EPS (Rs.)	31.85	26.43
Dilutive effect of stock options (Nos)	1,395,734	2,320,887
Diluted weighted average number of shares (Nos)	144,671,610	122,777,719
Diluted EPS (Rs.)	31.54	25.93
Nominal value of shares (Rs.)	10	10

18.10 Deferred taxes

In accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, provision for taxation for the year is arrived at after considering deferred tax charge of Rs. 129 millions (Previous year Rs. 233 millions) for the current year.

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
Deferred tax assets		
on account of provisions	744	567
on leave encashment	219	218
on investments	664	952
on pension fund	81	124
on Gratuity	0	0
Total deferred tax asset	**1,708**	**1,861**
Deferred tax liabilities		
on depreciation on fixed assets	154	174
on bad debts claim	153	157
Total deferred tax liability	**308**	**331**
Net deferred tax assets	**1,400**	**1,530**

18.11 Intangibles

(Rs. in millions)

Particulars	Gross block				Depreciation / Amortization				Net block
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	Charge for the year	Deletions	As at 31 March 2012	As at 31 March 2012
Intangible assets									
Application software	899	110	-	1,009	766	109	-	875	134
Total	899	110	-	1,009	766	109	-	875	134
Previous year	**798**	**101**	**-**	**899**	**658**	**108**	**-**	**766**	**133**

* forms part of "Other fixed assets" in Schedule 10.

18.12 Related party transactions

List of related parties
Related parties with significant influence and with whom there are transactions during the year
ING Bank N.V. and its branches
ING Vysya Bank Staff Provident Fund
ING Vysya Bank Staff Gratuity Fund
ING Vysya Bank Superannuation Fund

ING Vysya Bank (Employees) Pension Fund

Key Management Personnel – Mr. Shailendra Bhandari - Managing Director & Chief Executive Officer (MD & CEO)
Relatives of Key Management Personnel - Rina Bhandari, Shiv Bhandari and Shirin Bhandari.

In accordance with para 5 of AS 18 – Related Party Disclosures, transactions in the nature of banker – customer relationship are not disclosed in respect of Key Management Personnel and relatives of Key Management Personnel.

(Rs. in millions)

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Investment in Tier I Bonds	Maximum 1,452 (1,202) Outstanding 1,296 (1,126)	- (-) - (-)	Maximum 1,452 (1,202) Outstanding 1,296 (1,126)
Investment in Tier II Bonds	Maximum 10 (10) Outstanding 10 (10)	- (-) - (-)	Maximum 10 (10) Outstanding 10 (10)
Investment in Upper Tier II Bonds	Maximum 4,378 (3,624) Outstanding 3,910 (3,396)	- (-) - (-)	Maximum 4,378 (3,624) Outstanding 3,910 (3,396)

(Rs. in millions)

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Deposits kept with Bank including lease deposit	Maximum 603 (588) Outstanding 128 (588)	- (-) - (-)	Maximum 603 (588) Outstanding 128 (588)
Deposit kept with other banks	Maximum 1,360 (1,164) Outstanding 78 (15)	- (-) - (-)	Maximum 1,360 (1,164) Outstanding 78 (15)
Borrowing	Maximum 23,089 (19,446) Outstanding 22,133 (19,446)	- (-) - (-)	Maximum 23,089 (19,446) Outstanding 22,133 (19,446)
Call borrowing	Maximum - (918) Outstanding -	- (-) -	Maximum - (917,600) Outstanding -

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
	(-)	(-)	(-)
Lending	Maximum 4,070 (3,226) Outstanding 4,070 (1,784)	- (-) - (-)	Maximum 4,070 (3,226) Outstanding 4,070 (1,784)
Interest paid	2,379 (1,665)	- (-)	2,379 (1,665)
Interest received	1,121 (588)	- (-)	1,121 (588)
Charges Paid	0 (0)	- (-)	0 (0)
Interest accrued but not due (payable)	85 (58)	- (-)	85 (58)
Interest accrued but not due (receivable)	0 (0)	- (-)	0 (0)
Purchase of securities	528 (491)	- (-)	528 (491)

(Rs. in millions)

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Sale of securities	2,704 (-)		2,704 (-)
Reimbursement received	16 (7)	- (-)	16 (7)
Reimbursement paid	13 (22)	- (-)	13 (22)
Contribution to employee welfare funds - Paid	1,052 (933)	- (-)	1,052 (933)
Contribution to employee welfare funds- Payable	1,466 (725)	- (-)	1,466 (725)
Managerial remuneration	- (-)	20, (15)	20 (15)
Bank guarantees Received	- (1,929)	- (-)	- (1,929)
Bank guarantees-Issued	9,012 (-)	- (-)	9,012 (-)
Derivative transactions - notional outstanding	Maximum 96,105 (84,397) Outstanding 96,105 (82,385)	- (-) - (-)	Maximum 96,105 (84,397) Outstanding 96,105 (82,385)
Forward transactions	Maximum 15,352 (52,337) Outstanding 228 (11,516)	- (-) - (-)	Maximum 15,352 (52,337) Outstanding 228 (11,516)
Premium received	-	-	-

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
	(3)	(-)	(3)
Premium paid	0 (16)	- (-)	0 (16)
Commission received	25 (11)	- (-)	25 (11)
Gain on Liquidation	(12) (0)	- (-)	(12) (0)

During the year 2011-12, 0.13 millions (Previous Year: 0.7 millions) number of stock options under "ESOS 2010" scheme have been issued to the MD & CEO.

(Previous year's figures are given in parentheses)

18.13 Segmental Reporting:

Segment Information – Basis of preparation

As per the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007, the classification of exposures to the respective segments is now being followed. The business segments have been identified and reported based on the organization structure, the nature of products and services, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment includes the net interest earnings on investments of the bank in sovereign bonds, corporate debt, mutual funds etc, income from trading, income from derivative and foreign exchange operations and the central funding unit.

(b) Retail Banking

The retail banking segment constitutes the business with individuals and small businesses through the branch network and other delivery channels like ATM, Internet banking etc. This segment raises deposits from customers, makes loans and provides fee based services to such customers. Exposures are classified under retail banking broadly taking into account the orientation criterion, the nature of product and exposures which are not exceeding Rs50 millions and in respect of customers where average turnover in the last 3 years does not exceed Rs. 500 millions. Revenue of the retail banking segment includes interest earned on retail loans, fees and commissions for banking and advisory services, ATM Fees etc. Expenses of this segment primarily comprise the interest expense on the retail deposits, personnel costs, premises and infrastructure expenses of the branch network and other delivery channels, other direct overheads and allocated expenses.

(c) Wholesale Banking

The wholesale banking segment provides loans and transaction services to large corporate, emerging corporate, institutional customers and those not classified under Retail. Revenue of the wholesale banking segment includes interest and fees earned on loans to customers falling under this segment, fees from trade finance activities and cash management services, advisory fees and income from foreign exchange and derivatives transactions. The principal expenses of the segment consist of personnel costs, other direct overheads and allocated expenses.

(d) Other Banking Operations

All Banking operations that are not covered under the above three segments.

(e) Unallocated

All items of which cannot be allocated to any of the above are classified under this segment.

This also includes capital and reserves, debt classifying as tier I or tier II capital and other unallocable assets and liabilities.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue reduced by interest expense, operating expenses and provisions, if any, for that segment. Inter-segment revenue represents the transfer price paid/received by the central funding unit. For this purpose the present internal funds transfer pricing mechanism has been followed which calculates the charge based on yields benchmarked to an internally developed yield curve, which broadly tracks certain agreed market benchmark rates. Segment-wise income and expenses include certain allocations. The Retail banking and Wholesale banking segments allocate costs among them for the use of branch network etc. Operating costs of the common/shared segments are allocated based on agreed methodology which estimate the services rendered by them to the above four segments.

Geographic Segments

The Bank operates in one geographical segment i.e. Domestic.

Segment Results for the year ended 31 March 2012

(Rs. in millions)

Business Segments	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Particulars	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**
Result	1,044	2,974	2,526	-	6,544
Unallocated expenses					-
Operating Profit					6,544
Taxes					1,980
Extraordinary profit/loss					-
Net Profit					4,564
Other Information	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**
Segment Assets	164,163	177,825	122,523	-	464,511
Unallocated Assets					5,504
Total Assets					470,015
Segment Liabilities	52,461	138,140	215,130	-	405,731
Unallocated Liabilities					24,420
Capital and Reserve & Surpluses					39,864
Total Liabilities					470,015

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

Segment Results for the year ended 31 March 2011

(Rs. in millions)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**
Result	770	2,533	1,535	-	4,838
Unallocated expenses					-
Operating Profit					4,838
Taxes					1,654
Extraordinary profit/loss					-
Net Profit					3,184
Other Information	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**
Segment Assets	138,282	149,051	98,028	-	385,361
Unallocated Assets					4,785
Total Assets					390,146
Segment Liabilities	37,368	1,17,079	1,85,930	-	340,377
Unallocated Liabilities					23,460
Capital and Reserve & Surpluses					26,309
Total Liabilities					390,146

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

18.14 Off Balance Sheet Items

18.14.1 Derivative contracts

Interest Rate Swaps

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
The notional principal of swap agreements	207,217	185,427
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	964	986
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with banks (74%)	Predominantly with banks (73%)
The fair value of the swap book [asset / (liabilities)]	(182)	(257)

MTM netted off counterparty wise.

Forward Rate Agreements (FRA)

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011

Particulars	As at 31 March 2012	As at 31 March 2011
The notional principal of FRA Agreements	-	1,338
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	-	3
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	-	Banks only (100%)
The fair value of the swap book [asset / (liabilities)]	-	0.045

MTM netted off counterparty wise.

Derivatives: Currency Swaps

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
The notional principal of swap agreements	67,443	61,309
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	4,131	3,188
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with Banks (73%)	Predominantly with Banks (86%)
The fair value of the swap book [asset / (liabilities)]	623	99

MTM netted off counter party wise.

The Bank enters into derivative contracts such as Interest Rate Swaps ("IRS"), Forward Rate Agreements ("FRA"), Currency Swaps ("CS") and option agreements. Notional amounts of principal outstanding in respect of IRS, FRA and CS as at 31 March 2012 is Rs. 274,660 millions (Previous year Rs. 248,073 millions).

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	106	44,915	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	93	36,674	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	27	9,250	MIFOR	Fixed Payable vs Floating Receivable
Trading	44	17,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	**107,839**		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2011

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	110	35,250	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	102	34,050	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	30	10,250	MIFOR	Fixed Payable vs Floating Receivable
Trading	39	15,840	MIFOR	Fixed Receivable vs Floating Payable
	Total	**95,390**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	83	52,721	LIBOR	Fixed Payable vs Floating Receivable
Trading	95	51,044	LIBOR	Fixed Receivable vs Floating Payable
Trading	34	29,986	LIBOR	Floating Receivable vs Floating Payable

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	28	5,581	Principal	Fixed Payable
Trading	13	1,185	Principal	Fixed Receivable
Trading	15	5,770	Principal	Fixed Received vs Fixed Paid
Trading	41	5,277	Principal	Principal only Swaps
Trading	2	3,910	LIBOR	Floating Receivable vs Floating Payable
Trading	4	4,528	LIBOR	Fixed Payable vs Floating Receivable
Trading	7	6,820	Principal	Fixed Received vs Fixed Paid
	Total	**166,822**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2011

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	87	48,044	LIBOR	Fixed Payable vs Floating Receivable
Trading	105	43,569	LIBOR	Fixed Receivable vs Floating Payable
Trading	40	30,264	LIBOR	Float Receivable vs Float Payable
Trading	8	6,112	Principal	Fixed Payable
Trading	3	347	Principal	Fixed Receivable
Trading	15	5,329	Principal	Fixed Received vs Fixed Paid
Trading	49	5,490	Principal	Principal only Swaps
Hedging	2	3,396	LIBOR	Float Receivable vs Float Payable
Hedging	4	3,959	LIBOR	Fixed Payable vs Floating Receivable
Hedging	7	6,173	Principal	Fixed Received vs Fixed Paid
	Total	**152,683**		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2012 is Rs. 442 millions (Previous year Rs. (158) millions), which represents the net mark to market profit/(loss)on swap contracts. As at 31 March 2012 the exposure to IRS, CS and FRA contracts is spread across industries. However based on notional principal amount the maximum single industry exposure lies with Banks at 80.97% (Previous year 81.72%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of Rs. 2 millions (Previous year: Rs. 2 millions) on total Interest Rate Swap trading book including Rupee IRS, FX IRS, CS and FRA. Agreements are with Banks/ Financial Institutions and corporate under approved credit lines.

The fair value of the Option Book as at 31 March 2012 on a net basis is Rs. 146 millions. As at 31 March 2012 notional outstanding for outstanding option contracts is Rs. 33,150 millions (Previous year: Rs. 48,794 millions).

The fair value of the Exchange traded Options as at 31 March 2012 on a net basis is Rs. (1) millions. As at 31 March 2012 notional outstanding for outstanding Exchange traded option contracts is Rs. 1,635 millions (Previous year: NIL).

As at 31 March 2012 notional outstanding for outstanding Exchange traded currency futures is Rs. 5,606 millions (Previous year: NIL).

18.14.2 Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps

Exchange Traded Interest Rate Derivatives entered during the year ended 31 March 2012 amounts to Rs. 510 millions (Previous year: Nil). No Forward Rate Agreements and Currency Swaps were entered during the year ended 31 March 2012 (Previous year: Nil).

18.14.3 Risk exposure on derivatives

The Bank currently deals in various derivative products, i.e., Rupee and Foreign Currency Interest Rate Swaps, Currency Swaps and Currency and Cross-currency options. These products are offered to the Bank's customers to enable them to manage their exposure towards movement in foreign exchange rates or in Indian / foreign currency interest rates. The Bank also enters in to these derivative contracts

(i) to cover its own exposures resulting either from the customer transactions or own foreign currency assets and liabilities or (ii) as trading positions.

The derivative contracts, as above, expose the Bank to risks such as credit risk and market risk. Credit risk implies probable financial loss the Bank may ultimately incur, if the counter parties fail to meet their obligations. Market risk deals with the probable loss the Bank may ultimately incur as a result of movements in exchange rates, benchmark interest rates, credit spreads etc., to the extent that the exposures are not fully covered by the Bank on a back-to-back basis or as hedge positions.

The Bank has established an organization structure to manage these risks that operates independent of investment and trading activities. Management of these risks is governed by respective policies approved by the Board of Directors. While expanding relationship-banking activities, the Bank has put in place a credit policy by defining the internal risk controls. The policy incorporates the guidelines issued by the RBI from time to time and envisages methodologies of identification, quantification of risk on the basis of Loan Equivalent Factor, risk rating and mitigation of the credit concentration risk by stipulating counterparty wise as well as product wise exposure ceiling. ISDA agreements are entered into with counterparties. The Bank has evolved a similar policy for managing market risks through specific product mandates, limits on book sizes, stop loss limits, Value at Risk limits (VaR), Event Risk Analysis, counter party limits etc.

The Bank has also set up a Asset-Liability Management Committee ("ALCO") and a Risk Management Review Committee ("RMRC"), which monitor the risk on an integrated basis. The market risk and credit risk management teams monitor compliance with the policies on a continuous basis and there is a clearly defined procedure of reporting and ratification of any limit breaches for derivative products.

Quantitative disclosure:

(Rs. in millions)

Sl. No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	15,258	13,528	-	-
	b) For trading	52,185	47,781	2,07,217	1,86,765
(ii)	Marked to Market Positions				
	a) Asset (+)	4,239	3,227	1,942	2,190
	b) Liability (-)	3,616	3,128	2,124	2,447
(iii)	Credit Exposure	8,763	8,723	3,625	4,004
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives	-	-	206	160
	b) on trading derivatives	3	20	32	1
(v)	Maximum and Minimum of 100*PV01 #				
	a) on hedging				
	- Maximum	-		208	334
	- Minimum	-		150	156
	b) on trading				
	- Maximum	77	50	86	86
	- Minimum	0.010	0.002	0.010	0.038

\# Amounts stated are inclusive of impact of Currency swaps and Interest Rate Swaps and are stated at absolute values.

* Does not include notional of Forward contracts and Currency options, trading or hedging.

18.15 Capital (Tier I) raised during the year 2011-12

a) During the year 2011-12 the Bank raised Tier I capital of Rs. 9,695 millions by way of Qualified Institutions Placement (QIP) and preferential allotment. Pursuant to the resolution passed by the Shareholders of the Bank through postal ballot, as per the results declared on 8 June 2011, the Bank allotted 15,000,014 equity shares of face value of Rs. 10/- each by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIBs) for cash at a price of Rs. 342.09/- and 13,257,349 equity shares of face value of Rs. 10/- each by way of preferential allotment to ING Group for cash at a price of Rs. 344.23/-, to augment the capital adequacy ratio of the Bank.

In relation to this capital raising, the Bank incurred expenses of Rs. 62 millions towards payment of commission to the Book Running Lead Managers which has been adjusted against the Securities Premium Account. However, on account of the restrictions placed by Section 13 of the Banking Regulation Act, 1949 on the quantum of commission that can be paid, the Bank has sought RBI's approval, which is awaited.

b) Dividend appropriation of Rs. 87 millions and dividend tax thereon of Rs. 12 millions represent, dividend and related dividend distribution tax for 2010-11 on the shares issued to Qualified Institutional Buyers and ING Group in June 2011 and shares issued under Employee Stock Options Schemes prior to the record date. This has been appropriated from carried forward profits relating to the previous year as per the shareholders approval dated 7 September 2011.

18.16 Employee benefits

Provident fund plan

The Bank has a defined contribution plan in respect of provident fund. The contribution to the employees provident fund amounted to Rs. 124 millions for the year ended 31 March 2012 (Previous year Rs. 110 millions).

Gratuity, Pension and Leave Benefit plans

The Bank has defined benefit plans in respect of Gratuity, Pension and Leave Encashment. The Gratuity and Pension schemes are funded out of Trust fund set up separately for this purpose.

Reopening of Pension Option and amendment to the Payment of Gratuity Act, 1972

During the year 2010-2011, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result, the Bank incurred an additional liability of Rs. 1,217 millions being Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 930 millions on account of II Pension Option to existing employees. Further, during the year 2010-2011, the limit of gratuity payable to the employees was enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result the gratuity liability of the Bank increased by Rs. 207 millions.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of Rs. 1,425 millions was required to be charged to the profit and loss Account. However, the Reserve Bank of India vide their letter dated 8 April 2011 ("the RBI Letter") on Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, permitted the Bank to amortise the additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier as well as the enhancement in gratuity limits over a period of five years beginning with the financial year ending 31 March 2011 subject to a minimum of 1/5th of the total amount involved every year.

Accordingly, the Bank during the year 2010-11 charged the full impact of Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 186 millions representing one-fifth of the full impact of II Pension Option to the existing employees as required by the RBI letter. Also the Bank fully charged Rs. 207 millions on account of amendment to the Payment of Gratuity Act although it was allowed to be amortized over a period of 5 years by the RBI letter.

During the current year, the Bank has provided Rs. 186 millions (Previous year Rs. 186 millions) representing one-fifth of the full impact of II Pension Option to the existing employees. In terms of the

requirements of the RBI Letter, the balance impact of Rs. 558 millions on account of II Pension Option to existing employees shall be provided over the next three years.

Had the RBI Letter not been issued, the profit of the Bank in the current year would have been lower by Rs. 558 millions (Previous year Rs. 744 millions) pursuant to application of the requirements of Revised AS 15.

Disclosures under AS -15

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

Profit and Loss account: - Net employee benefit expense (recognized in Employee Cost)

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
1. Current service cost	98	94	259	277
2. Interest cost on benefit obligation	81	52	300	133
3. Expected return on plan assets	(73)	(62)	(217)	(165)
4. Net actuarial (gain)/ loss recognized in the year	76	86	44	1,213
5. Past service cost	-	207	-	-
6. Net expenses (1+2+3+4+5)	182	377	386**	1,458*
Actual return on plan assets	**84**	**47**	**231**	**1,064#**

** Excludes Rs. 186 millions representing one-fifth of the full impact of Rs. 930 millions on account of II Pension Option to the existing employees.

* Amount of Rs. 714 millions charged to profit and loss account. The balance amount of Rs. 744 millions being four fifth of the impact of II Pension Option to existing employees, to be provided over the next four years.

includes employee contribution of Rs. 160 millions and transfer of Bank's contribution to Provident fund amounting to Rs. 733 millions.

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
1. Current service cost	28	26	29	23
2. Interest cost on benefit obligation	39	32	20	15
3. Net actuarial (gain)/ loss recognized in the year	(76)	(7)	(19)	12
4. Past service cost	-	-	-	-
5. Net expenses recognised in profit and loss (1+2+3+4+5)	(9)	51	29	49

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Present value of obligation	1,114	966	3,642	3,684
Fair value of plan assets	(931)	(608)	(2,358)	(2,215)
Liability (Assets)	183	358	1,284	1,469
Liability (Asset) recognized in the Balance Sheet	183	358	1,284	1,469

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Present value of obligation	426	435	249	220
Fair value of plan assets	-	-	-	-
Liability (Assets)	426	435	249	220
Liability (Asset) recognized in the Balance Sheet	426	435	249	220

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Opening defined benefit obligation	966	670	3,684	2,046
Interest cost	81	52	300	133
Current service cost	98	94	259	277
Past service cost	-	207	-	-
Benefits paid	(117)	(128)	(659)	(883)
Actuarial (gains) / losses on obligation	86	71	58	2,112
Closing defined benefit obligation	1,114	966	3,642	3,684

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Opening defined benefit obligation	435	384	220	171
Interest cost	39	32	19	15
Current service cost	28	26	29	23
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	(76)	(7)	(19)	12
Closing defined benefit obligation	426	435	249	220

The Changes in the fair value of plan assets are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Opening fair value of plan assets	608	689	2,215	1,255
Expected return	73	62	217	165
Contributions by employer	356	-	571	780
Benefits paid	(117)	(128)	(659)	(883)
Actuarial gains / (losses)	11	(15)	14	899
Closing fair value of plan assets	931	608	2,358	2,215

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

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Investments with insurer	100%	100%	100%	100%
Investment in Government/ PSU bonds/securities	-	-	-	-

Experience Adjustments

(Rs. in millions)

Particulars	Gratuity		
	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	1,114	966	670
Plan assets	931	608	689
(Surplus) / deficit	183	358	(19)
Experience adjustments on plan liabilities	101	85	(36)
Experience adjustments on plan assets	11	(5)	14

(Rs. in millions)

Particulars	Pension		
	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	3,642	3,684	2,046
Plan assets	2,358	2,216	1,255
(Surplus) / deficit	1,284	1,468	791
Experience adjustments on plan liabilities	258	2,257	193
Experience adjustments on plan assets	14	908	(0.5)

(Rs. in millions)

Particulars	Leave Encashment and availment		
	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	674	655	555
Plan assets	-	-	-
(Surplus) / deficit	674	655	555
Experience adjustments on plan liabilities	(63)	37	(31)
Experience adjustments on plan assets	-	-	-

The above data on experience adjustments is disclosed to the extent of the relevant information is available in the valuation reports.

Principal assumptions used in determining gratuity, pension & leave encashment obligations for the Company's plans are shown below:

Particulars	Gratuity			
	31 March 2012		31 March 2011	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	8.90 (IBA, CTC), 8.95 (Others)	8.90(CTC) 8.94(Others)	8.53	8.54 (CTC), 8.54 (Others)
Expected rate of return on assets (%)	9.50	-	9.50	-
Employee turnover (%) p.a.	1 (IBA), 28(CTC) 55 (Others)	19 (CTC), 75 (Others)	1 (IBA) 27 (CTC)	19 (CTC) 97 (Others)
Salary Escalation Rate (%) p.a	3 (IBA), 12 (CTC) 12 (Others)	10.00	3 (IBA) 13 (CTC)	8.00

Particulars	Pension			
	31 March 2012		31 March 2011	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	8.94	-	8.29	-
Expected rate of return on assets (%)	9.50	-	9.50	
Employee turnover (%) p.a.	1 (IBA)	-	1 (IBA)	
Salary Escalation Rate (%) p.a	3.00	-	3.00	-

Particulars	Leave Encashment			
	31 March 2012		31 March 2011	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	8.94	-	8.29	-

Particulars	Leave Encashment			
	31 March 2012		31 March 2011	
	IVB	IVFSL	IVB	IVFSL
Expected rate of return on assets (%)	N.A	-	N.A	-
Employee turnover (%) p.a.	1 (IBA), 28 (CTC)	-	1 (IBA), 27 CTC)	-
Salary Escalation Rate (%) p.a	3 (IBA) 12 (CTC)	-	3 (IBA) 13 (CTC)	-

Particulars	Leave Availment			
	31 March 2012		31 March 2011	
	IVB	IVFSL	IVB	IVFSL
Discount rate (%) p.a.	8.90	8.90	8.53	8.70
Expected rate of return on assets (%)	N.A	N.A	N.A	N.A
Employee turnover (%) p.a.	1 (IBA), 28 (CTC)	19.00	1 (IBA), 27 CTC)	19.00
Salary Escalation Rate (%) p.a	3 (IBA) 12 (CTC)	10.00	3 (IBA) 13 (CTC)	10.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

With respect to defined benefit plans, the Bank is yet to determine the contributions expected to be paid to the plans during the annual period beginning 1 April 2012.

18.17 Additional Disclosure

Additional statutory information disclosed in separate financial statements of the parent and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

18.18 Other Disclosures

18.18.1 Draw down from Reserves

The Bank has utilized the securities premium account for meeting direct expenses of Rs. 73 millions relating to the QIP issue, as per the RBI mail box clarification dated 9 October 2007.

18.18.2 Fees/remuneration received from Bancassurance business:

(Rs. in millions)

Sr. No.	Nature of Income	31 March 2012	31 March 2011
1	For selling life insurance polices	742	685
2	For selling non life insurance polices	28	11
3	For selling mutual fund products	288	301
4	Others	31	29
	TOTAL	**1,089**	**1,026**

18.18.3 Penalties levied by RBI on the Bank

RBI imposed an aggregate penalty of Rs. 1 millions vide its letter DBS.CO.FBMD.14714 / 17.04 .009 / 2010.11 dated 26 April 2011 for non adherence to directions / guidelines issued by RBI while carrying out derivative transactions during 2006-07 and 2007- 08. The Bank paid the penalty on 3 May 2011.

18.18.4 Letters of Comforts issued by the Bank

The Bank has 641 (Previous year: 413) letter of comforts/ undertaking issued and outstanding as on 31 March 2012 amounting to Rs. 17,653 millions (Previous year: Rs. 11,012 millions).

18.18.5 Previous year's figures

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's presentation.

Arun Thiagarajan
Chairman

Aditya Krishna
Director

Place: Mumbai
Date: 24 April 2012

To
The Board of Directors
ING Vysya Bank Limited

We have audited the attached consolidated balance sheet of ING Vysya Bank Limited and its subsidiary (the 'Group'), as at 31 March 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of ING Vysya Bank Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by ING Vysya Bank Limited's management in accordance with the requirements of Accounting Standards 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

Without qualifying our opinion, we draw attention to Note 18.17 to the consolidated financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option, to the extent of Rs.744 millions pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter to the Bank dated 8 April 2011 regarding Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2011;

(b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.

Firm Registration No.: 301003E
Chartered Accountants

Viren H. Mehta
Partner
Membership No.: 048749
Bangalore
20 April 2011

ANNEXURE I

CONSOLIDATED BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	Schedule	31 March 2011	31 March 2010
Capital	1	1,210	1,200
Employees' Stock Options Outstanding (Net)		19	30
Reserves and Surplus	2	25,080	22,148
Deposits	3	301,912	258,617
Borrowings	4	41,469	36,714
Other Liabilities and Provisions	5	20,457	20,104
TOTAL		**390,147**	**338,813**
Cash and Balances with Reserve Bank of India	6	21,838	23,296
Balance with Banks and Money at call and short notice	7	3,377	6,975
Investments	8	110,186	104,708
Advances	9	236,021	185,072
Fixed Assets	10	5,031	4,961
Other Assets	11	13,694	13,801
TOTAL		**390,147**	**338,813**
Contingent Liabilities	12	584,097	741,348
Bills for collection		39,556	32,881
Significant accounting policies	17		
Notes on Accounts	18		

ANNEXURE II

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	Schedule	31 March 2011	31 March 2010
Interest Earned	13	26,939	22,328
Other Income	14	6,548	6,210
TOTAL		**33,487**	**28,538**
EXPENDITURE			
Interest Expended	15	16,874	14,030
Operating Expenses	16	10,259	8,075
Provisions and Contingencies		3,169	4,002
TOTAL		**30,302**	**26,107**
PROFIT / (LOSS)			
Net Profit/(Loss) for the period		3,184	2,431
Consolidated Net Profit / (Loss) for the year attributable to the Group		3,184	2,431
Add: Brought forward consolidated profit / (loss) attributable to the Group		3,346	2,102
TOTAL		**6,530**	**4,533**
APPROPRIATIONS			
Transfer to statutory reserve		797	605
Transfer to capital reserve		76	70
Transfer to Revenue & other reserves		-	1
Transfer to / (from) Investment reserve		(110)	9
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		130	150
Proposed dividend		363	300
Dividend tax		59	52
Balance carried to consolidated Balance Sheet		5,215	3,346
TOTAL		**6,530**	**4,533**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic		26.43	21.69
Diluted		25.93	21.40
Number of shares used in computing Earnings Per Share			
Basic		120,456,832	112,066,989
Diluted		122,777,719	113,575,620

ANNEXURE III

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
Net Profit before Tax and Extraordinary Items	4,843	3,728
Adjustments for:		
Depreciation charges	498	434
Employee compensation expense (ESOS)	(1)	4
Provision/write off of Advances	1,561	2,296
(Profit) / Loss on revaluation of investment	975	989
Provision for Standard Assets	157	
Other Provisions	(214)	427
Lease Adjustment Account	(20)	(22)
(Profit)/Loss on Sale of Assets (net)	(151)	(1)
Dividend received from subsidiary/ others	(7)	(2)
Cash Generated from Operation	7,641	7,853
Less: Direct Taxes Paid	2,014	1,381
	5,627	**6,472**
Adjustments for:		
Decrease / (Increase) in Advances	(52,511)	(19,805)
Decrease / (Increase) in Other assets	454	5,171
Non-Banking Assets sold		66
Decrease/ (Increase) in Investments	(6,495)	(763)
Increase / (Decrease) in Deposits	43,294	9,762
Increase / (Decrease) in Other liabilities	396	(1,278)
Increase/ (Decrease) in Borrowings		
Net Cash flow from / (used in) Operating Activities	**(9235)**	**(376)**
Movement in Capital Work in Progress		
Purchase of Fixed assets / leased assets	(797)	(1,018)
Sale of Fixed assets/ Leased assets	364	13
Dividend received from subsidiary/others	7	2
Net Cash flow used in Investing Activities	**(426)**	**(1,003)**
Proceeds from issue of shares	10	174
Share premium collected	197	4,039
Dividend Paid	(357)	(240)
Borrowings (including Subordinated Debt -Tier II Bonds and Innovative Perpetual Debt Instrument)	4,755	4,861
Net Cash Flow from Financing Activities	**4,605**	**8,834**
Net Increase/ (Decrease) in Cash and Cash Equivalents	**(5,056)**	**7,455**
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)	**30,270**	**22,816**
Cash and Cash equivalents as at the end of the year (Including Money At Call and Short Notice)	**25,214**	**30,271**

ANNEXURE IV

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT

SCHEDULE I - CAPITAL

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
AUTHORISED CAPITAL		
350,000,000 (Previous year 350,000,000) Equity shares of Rs.10 each	3,500	3,500
100,000,000 (Previous year 100,000,000) Preference shares of Rs.10 each	1,000	1,000
ISSUED CAPITAL		
121,275,144 (Previous Year 120,280,579)		
Equity shares of Rs.10 each	1,213	1,203
SUBSCRIBED AND CALLED UP CAPITAL		
120,986,738 (Previous Year 119,966,490)		
Equity shares of Rs.10 each fully called and paid up	1,210	1,200
TOTAL	**1,210**	**1,200**

SCHEDULE 2 - RESERVES AND SURPLUS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. STATUTORY RESERVE		
Opening balance	3,700	3,094
Additions during the year	797	606
TOTAL (A)	**4,497**	**3,700**
II. CAPITAL RESERVE		
(a) Revaluation Reserve		
Opening balance	1,080	1,088
Less: Revaluation reserve reversed consequent to sale of assets/ transfer of assets	(31)	-
Less: Depreciation transferred to Consolidated Profit and Loss Account	(7)	(7)
TOTAL (B)	**1,042**	**1,081**
(b) Capital Reserve on Consolidation		
Opening balance	1	1
Less: Deduction on divestment of Associate	-	-
TOTAL (C)	**1**	**1**
(c) Others		
Opening balance	1,169	1,098
Add: Transfer from Consolidated Profit and Loss Account	76	70
TOTAL (D)	**1,245**	**1,169**
TOTAL CAPITAL RESERVE (B+C+D)	**2,288**	**2,250**
III. SECURITIES PREMIUM		
Opening balance	11,846	7,788
Add: Additions during the year	208	4,096
Less: Deletions during the year	-	(38)
TOTAL (E)	**12,054**	**11,846**
IV. REVENUE AND OTHER RESERVES		
(a) SPECIAL RESERVE (u/s 36 (1) (viii) of Income Tax Act, 1961)		
Opening balance	317	167
Add: Additions during the year	130	150
TOTAL (F)	**447**	**317**
(b) Revenue Reserves		
Opening Balance	580	579
Add: Addition on consolidation of subsidiary	-	1
TOTAL (G)	**580**	**580**
(c) Investment Reserve		
Opening Balance	110	101
Add: Additions during the year	(110)	9
TOTAL (H)	**-**	**110**
TOTAL (IV) (F+G+H)	**1,027**	**1,007**
V. BALANCE IN CONSOLIDATED PROFIT AND LOSS ACCOUNT (I)	5,215	3,345
TOTAL (I to V)	**25,080**	**22,148**

SCHEDULE 3 – DEPOSITS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
A I. Demand deposits		
i. From banks	1,818	1,930
ii. From others	49,248	38,975
II. Savings bank deposits	53,515	43,349
III. Term deposits		
i. From banks	61,027	51,995
ii. From others	136,304	122,368
TOTAL (I to III)	**301,912**	**258,617**
B. Deposits of branches in India	301,912	258,617
C. Deposits outside India	-	-
TOTAL	**301,912**	**258,617**

SCHEDULE 4 - BORROWINGS*

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Borrowings in India		
i. Reserve Bank of India	-	420
ii. Other banks	1,379	1,282
iii. Other institutions and agencies	16,122	21,080
II. Borrowings outside India	23,968	13,932
TOTAL (I to II)	**41,469**	**36,714**

Secured borrowings included in (I) and (II) above is NIL (31 March 2010: NIL and 31 March 2009: NIL)

* Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of Rs. 10,522 millions (31 March 2010: Rs. 10,037 millions)

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Bills payable	4,386	4,549
ii. Inter office adjustments (net)	288	96
iii. Interest accrued	1,626	1,411
iv. Provision against Standard Assets	1,165	1,008
v. Others (including provisions)	12,992	13,040
TOTAL (i to v)	**20,457**	**20,104**

SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Cash in hand (including foreign currency notes)	4,000	3,528
II. Balances with Reserve Bank of India		
i. In current account	17,838	19,768
ii. In other accounts		
TOTAL (I to II)	**21,838**	**23,296**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. In India		
i) Balances with banks		
a) In current accounts	1,058	1,342
b) In other deposit accounts	520	70
ii) Money at call and short notice		
a) With banks	-	-
b) With others	-	4,998
TOTAL (i to ii)	**1,578**	**6,410**
II. Outside India		
i) Balances with banks		
a) In current accounts	2	104
b) In other deposit accounts	-	-
ii) Money at Call and Short Notice		
a) With Banks	1,797	461
b) With Others	-	-
TOTAL (i to ii)	**1,799**	**565**
GRAND TOTAL (I to II)	**3,377**	**6,975**

SCHEDULE 8 - INVESTMENTS (NET)

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Investments in India		
i) Government securities ## ** $	81,916	81,938
ii) Other approved securities ##	-	1
iii) Shares	81	5
iv) Debentures and bonds	1,585	1,695
v) Others @	26,604	21,069
TOTAL	**110,186**	**104,708**
II. Investments outside India	-	-
GRAND TOTAL	**110,186**	**104,708**
GROSS INVESTMENTS	110,540	104,749
Less: Depreciation/Provision for Investments	(354)	(41)
NET INVESTMENTS	**110,186**	**104,708**

Includes securities costing Rs. 70.8 millions (previous year Rs. 71.3 millions) pledged for availment of telegraphic transfer discounting facility

'** Net of Repo borrowings of Rs.2,117 millions (Previous year Rs. NIL) under the liquidity adjustment facility in line with Reserve bank of India requirements.

$ Includes securities costing Rs.1,253 millions (previous year Rs. 420 millions) pledged for margin requirement

@ Includes deposits with NABARD, NHB and SIDBI of Rs. 26,604 millions (previous year Rs 21,069 millions)

SCHEDULE 9 - ADVANCES (Net of provisions)

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
A. i) Bills purchased and discounted	6,133	9,378
ii) Cash credits, overdrafts and loans repayable on demand	79,751	51,499
iii) Term loans	150,137	124,195
TOTAL	**236,021**	**185,072**
B. i) Secured by tangible assets*	203,401	156,194
ii) Covered by Bank/Government guarantees	2,178	2,610
iii) Unsecured	30,442	26,268
TOTAL	**236,021**	**185,072**
*** Includes advances secured against book debts**		
C. I ADVANCES IN INDIA		
i) Priority sector	80,471	68,753
ii) Public sector	1	81
iii) Banks	23	27
iv) Others	155,526	116,211
II ADVANCE OUTSIDE INDIA	-	-
TOTAL	**236,021**	**185,072**

SCHEDULE 10 - FIXED ASSETS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Premises		
i) At cost as on 31 March of preceding year (including Revaluation)	2,106	2,104
ii) Additions during the year	2,203	2
	4,309	2,106
iii) Deductions during the year	(219)	-
v) Depreciation to date	(330)	(269)
I A. Capital work in progress	-	2,017
TOTAL	**3,760**	**3,855**
II. Other Fixed Assets (Including Furniture and Fixtures)		
i) At cost as on March 31 of the preceding year	4,091	3,897
ii) Additions during the year	535	459
	4,626	4,356
iii) Deductions during the year	(53)	(265)
iv) Depreciation to date	(3,595)	(3,201)
II A. Capital work in progress	136	59
TOTAL	**1,114**	**949**
III. Lease Fixed Assets		
i) At cost as on March 31 of the preceding year	1,541	1,541
ii) Additions during the year	-	-
	1,541	1,541
iii) Deductions during the year	-	-
iv) Depreciation to-date	(1,415)	(1,395)
v) Add: Lease adjustment account	269	249
vi) Less: Provision / Write off of non performing assets	(238)	(238)
TOTAL	**157**	**157**
GRAND TOTAL (I to III)	**5,031**	**4,961**

SCHEDULE 11 - OTHER ASSETS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i Inter-office adjustment (net)	-	-
ii. Interest accrued	2,428	2,302
iii. Tax paid in advance and tax deducted at source (net)	865	505
iv. Stationery and stamps	11	5
v. Non banking assets acquired in satisfaction of claims (net)	-	-
vi. Others#	10,390	10,989
TOTAL	**13,694**	**13,801**

Includes deferred tax assets of Rs.1,529 millions (previous year Rs.1,763 millions)

SCHEDULE 12 - CONTINGENT LIABILITIES

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Claims against the bank not acknowledged as debts	51	54
ii. Liability for partly paid investments	-	-
iii. Liability on account of outstanding forward exchange contracts	220,160	288,901
iv. Liability on account of outstanding derivative contracts	296,867	400,064
v. Guarantees given on behalf of constituents in India	52,417	38,568
vi. Acceptances, endorsements and other obligations	13,786	12,824
vii. Other items for which the bank is contingently liable	816	937
TOTAL	**584,097**	**741,348**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

SCHEDULE 13 - INTEREST EARNED

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Interest/Discount on advances/bills	20,326	17,094
ii. Income on investments	6,463	5,179
iii. Interest on balances with RBI and other inter bank funds	21	12
iv. Others	129	43
TOTAL	**26,939**	**22,328**

SCHEDULE 14 - OTHER INCOME

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Commission, Exchange and Brokerage	4,189	3,490
ii. Profit/ (Loss) on sale of investments (net)	820	797
iii. Profit/ (Loss) on revaluation of investments (net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other assets (net)	151	1
v. Profit/ (Loss) on Exchange/ Derivative transactions (net)	1,021	1,033
vi. Income earned by way of dividends etc.from subsidiaries/companies and joint ventures abroad/in India	1	2
vii. Lease income	-	-
viii. Miscellaneous income *#	366	886
TOTAL	**6,548**	**6,209**

'* Includes prior period item of Rs. NIL (Previous year – Rs.307 millions) - refer note 18.20.5.

'# Includes recovery from written off accounts amounting to Rs.303 millions (previous year Rs.420 millions)

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Interest on Deposits	13,566	11,690
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	478	130
iii. Others (including interest on Tier II Bonds and IRS)	2,830	2,210
TOTAL	**16,874**	**14,030**

SCHEDULE 16 - OPERATING EXPENSES

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Payments and Provisions for Employees	6,453	4,574
ii. Rent, Taxes and Lighting	814	766
iii. Printing and Stationery	110	92
iv. Advertisement and Publicity	26	44
v. Depreciation on Bank's Property	477	409
vi. Director's Fees, Allowances & Expenses	5	6
vii. Auditors' Fees and Expenses (Including Branch Auditors)	7	7
viii. Law Charges	38	38
ix. Postage,Telegrams,Telephones	209	187
x. Repairs and Maintenance	277	242
xi. Insurance	258	258
xii. Other expenditure	1,585	1,452
TOTAL	**10,259**	**8,075**

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

1 BACKGROUND

ING Vysya Bank Limited ("IVB" or "the Bank") was incorporated on 29 March 1930 and is headquartered in Bangalore. Subsequent to acquisition of stake in the Bank by ING Group N.V. in August 2002, the name of the Bank was changed from "The Vysya Bank Limited" to "ING Vysya Bank Limited".

The Bank is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ING Vysya Financial Services Limited ("IVFSL"), a wholly owned subsidiary of the Bank, is engaged in the business of non-fund/fee based activities of marketing and distribution of various financial products/services of the bank..

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Bank and its wholly owned subsidiary (hereinafter referred to as "the Group") are prepared under the historical cost convention and accrual basis of accounting, unless otherwise stated and in accordance with generally accepted accounting principles in India and conform to the statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time to the extent they have financial statement impact and current practices prevailing within the banking industry in India. The financial statements comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable and current practices prevailing within the banking industry in India. The accounting policies have been consistently applied and except for the changes in accounting policy disclosed in these financial statements, are consistent with those used in the previous year.

3 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of financial statements. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

4 BASIS OF CONSOLIDATION

a. The consolidated financial statements include the financial statements of the Bank and its subsidiary.

b. The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21 -'Consolidated Financial Statements' prescribed by the ICAI.

c. The audited financial statements of the Bank and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances, material intra-group transactions and resulting unrealized profits are eliminated in full and unrealized losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.

d. The cost of investment of Bank in subsidiary is eliminated. The excess or shortfall of such cost over the Bank's portion of equity of subsidiary is treated as Goodwill or Capital Reserve.

e. The reporting date for the subsidiary is 31 March 2011. For the purposes of preparation of the consolidated financial statements, the audited financial statements of subsidiary have been considered.

5 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a. Income and expenditure is accounted on accrual basis except as stated below:

Interest on advances, non-performing securities and other assets classified as Non-Performing Assets is recognized on realization in accordance with the guidelines issued by the RBI.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognized at the inception of the loan.

b. Income on assets given on lease

Finance income in respect of assets given on lease is accounted based on the interest rate implicit in the lease in accordance with the guidance note issued by the ICAI in respect of leases given up to 31 March 2001 and in accordance with AS 19 – "Leases" in respect of leases given from 1 April 2001.

c. Premium/discount on acquired loans

Premium paid/discount received on loans acquired under deeds of assignment are recognised in the profit and loss account in the year of such purchases.

d. Sale of investments

Realized gains on investments under Held To Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated, from the profit available for appropriation, if any, to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

e. Commission and Brokerage income: -

Commission received for touch point verification/outsourcing services rendered is recognized based on contractual terms and rates on an accrual basis except for income from Brokerage and business promotion services which is recorded at actuals.

6 TRANSACTIONS INVOLVING FOREIGN EXCHANGE

a. Monetary assets and liabilities denominated in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the balance sheet date as notified by Foreign Exchange Dealers Association of India ("FEDAI") and resulting gains/losses are recognised in the profit and loss account.

b. Outstanding forward exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/ loss on revaluation is included in the profit and loss account.

c. Contingent liabilities denominated in foreign currencies are disclosed at the balance sheet date at the rates notified by FEDAI.

d. Derivative contracts including foreign exchange contracts which have overdue receivables which have remain unpaid for 90 days or more are classified as non-performing assets and provided for as per the extant master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning issued by RBI.

7 DERIVATIVE TRANSACTIONS

Derivative transactions comprise forwards, interest rate swaps, currency swaps, currency and cross currency options to hedge on-balance sheet assets and liabilities or to take trading positions.

Derivative transactions designated as "Trading" are Marked to Market ("MTM") with resulting gains/losses included in the profit and loss account and in other assets/other liabilities. Derivative transactions designated as "Hedge" are accounted for on an accrual basis.

8 INVESTMENTS

For presentation in the Balance sheet, investments (net of provisions) are classified under the following heads – Government securities, Other approved securities, Shares, Debentures and Bonds, and Others, in accordance with Third Schedule to the Banking Regulation Act, 1949.

Valuation of investments is undertaken in accordance with the "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI. For the purpose of valuation, the Bank's investments are classified into three categories, i.e. 'Held to Maturity', 'Held for Trading' and 'Available for Sale':

a. "Held to Maturity" (HTM) comprises securities acquired by the Bank with the intention to hold them upto maturity. With the issuance of RBI Circular No. DBOD.BP.BC.37/21.04.141/2004-05 dated 2 September 2004, the investment in SLR securities under this category is permitted to a maximum of 25% of Demand and Time Liabilities.

b. "Held for Trading" (HFT) comprises securities acquired by the Bank with the intention of trading i.e. to benefit from short-term price/interest rate movements.

c. "Available for Sale" (AFS) securities are those, which do not qualify for being classified in either of the above categories.

d. Transfer of securities between categories of investments is accounted for at the acquisition cost / book value / market value on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is fully provided for.

Valuation of investments is undertaken as under:

a. For investments classified as HTM, excess of cost over face value is amortized over the remaining period of maturity. The discount, if any, being unrealised is ignored. Provisions are made for diminutions other than temporary in the value of such investments.

b. Investments classified as HFT and AFS are revalued at monthly intervals. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

c. In the event provisions created on account of depreciation in the "Available for sale" or "Held for trading" categories are found to be in excess of the required amount in any year, such excess is recognised in the profit and loss account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve account in accordance with RBI guidelines after adjusting for income tax and appropriation to statutory reserve.

d. Treasury bills and Commercial paper being discounted instruments are valued at carrying cost. Discount accreted on such instruments is disclosed under other assets in accordance with RBI directive and investments are shown at acquisition cost.

e. REPO and Reverse REPO transactions are accounted for on an outright sale and outright purchase basis respectively in line with RBI guidelines. The cost/income of the transactions upto the year end is accounted for as interest expense/income. However, in case of reverse REPO, the depreciation in value of security compared to original cost is provided for.

9 ADVANCES

Advances are classified into standard, sub-standard, doubtful and loss assets in accordance with the guidelines issued by RBI and are stated net of provisions made towards non-performing advances.

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and also encourage banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories. The provisioning done is higher than the minimum prescribed under RBI guidelines.

As per RBI guidelines, a general provision at the rate of 0.40% is made on all the standard advances except for the following where provision is made at different rates

a) at 0.25% for loans to Small and Medium Enterprises and direct agricultural advances; and

b) at 1.00% on Commercial Real Estate (CRE) sector.

c) at 2.00% on Housing loans granted at teaser rates.

Provision towards standard assets is shown separately in the Balance Sheet under Schedule-5 – "Other liabilities and Provisions".

10 FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation, with the exception of premises, which were revalued as at 31 December 1999, based on values determined by approved valuers.

Cost includes cost of purchase of the asset and all other expenditure in relation to its acquisition and installation and includes duties, taxes (excluding service tax), freight and any other incidental expense incurred on the asset before it is ready for commercial use.

Office Equipment (including Electrical and Electronic equipment, Computers, Vehicles and other Office appliances) are grouped under Other Fixed Assets.

a. Depreciation on Premises is charged on straight line basis at the rate of 1.63% upto 31 March 2002 and at 2% with effect from 1 April 2002.

b. Additional depreciation on account of revaluation of assets is deducted from the current year's depreciation and adjusted in the Revaluation Reserve account.

Depreciation on the following items of Fixed Assets is charged over the estimated useful life of the assets on "Straight Line" basis. The rates of depreciation are:

i. Electrical and Electronic equipment – 20%

ii Furniture and Fixtures – 10%

iii. Vehicles – 20%

iv. Computers and Software – 33.33%

v. ATMs and VSAT equipment – 16.66%

Improvements to leasehold premises – amortised over the shorter of primary period of lease or estimated useful life of such assets, which is currently estimated at 6 years.

Depreciation on leased assets is provided on WDV method at the rates stipulated under Schedule XIV to the Companies Act, 1956. In case of IVFSL, depreciation on leased assets is charged over the primary lease period of the respective assets on "Straight Line" basis.

Software whose actual cost does not exceed Rs. 100,000 and other items whose actual cost does not exceed Rs. 10,000 are fully expensed in the year of purchase.

Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the date of disposal.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Profits on sale of fixed assets is first credited to profit and loss account and then appropriated to capital reserve.

11 IMPAIRMENT OF ASSETS

In accordance with AS 28 – Impairment of Assets, the Bank assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the cash generating unit. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to a maximum of depreciated historical cost.

12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

13 NON-BANKING ASSETS

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

14 EMPLOYEES' STOCK OPTION SCHEME

The Employee Stock Option Schemes provide for the grant of equity shares of the Bank to its employees. The Schemes provide that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

15 STAFF BENEFITS

The Bank provides for its Pension, Gratuity and Leave liability based on actuarial valuation as per the Accounting Standard 15 (Revised).

i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity, Pension and Leave Encashment Liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Short term compensated absences are provided for based on estimates.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

In case of IVFSL Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions are due. The contributions towards provident fund are made to Statutory Authorities.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Company has a leave policy for the availment of accumulated leave, it does not provide for encashment of leave. Leave liability is provided on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

16 TAXES ON INCOME

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

The Bank offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

17 NET PROFIT/ (LOSS)

Net profit / (loss) disclosed in the consolidated profit and loss account is after considering the following:

- Provision/ write off of non-performing assets as per the norms prescribed by RBI;
- Provision for income tax and wealth tax;
- Depreciation/ write off of investments; and
- Other usual, necessary and mandatory provisions, if any.

18 Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

19 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Such

provisions are not discounted to present value. A disclosure for a contingent liability is made when there is a possible obligation, or a present obligation where outflow of resources is not probable. Where 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 resource would be required to settle the obligation, the provision is reversed. The bank does not account for or disclose contingent assets, if any.

18 NOTES ON ACCOUNTS

18.1 List of subsidiary considered for consolidation

Sl No	Name	Country of incorporation	Extent of holding as on 31 March 2011	Voting Power
Subsidiary				
1	ING Vysya Financial Services Limited (IVFSL)	India	100%	100%

18.2 Balancing of books and reconciliation

The Bank has completed its inter branch reconciliation. The reconciling items have been identified and elimination of reconciling items is in progress. Appropriate adjustments have been incorporated in the financial statements for the purpose of presentation.

Routine matching of select general ledger control account balances with subsidiary ledgers is in progress at few branches and is expected to be completed in due course with no material financial statement impact as on 31 March 2011.

18.3 Employee stock option scheme

ESOS 2002

The employee stock option scheme ("ESOS 2002" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 23 July 2001 and by the shareholders at the Annual General Meeting held on 29 September 2001. A total of 500,000 equity shares of Rs.10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme was in force. These options will vest over a period of five years from the date of grant i.e. 20% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. Consequent to the rights issue of the Bank during the financial year 2005-2006, appropriate adjustments were made to the number of outstanding options and initially fixed exercise price. ESOS 2002 was discontinued by the Bank in the Annual General Meeting held on 22 September 2005. No further options have been granted under this scheme.

The movement in ESOS 2002 during the year ended 31 March 2011 is as under:

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	480	97.50	60,305	97.34
Less: Options exercised during the year	-	-	57,555	97.45
Less: Options forfeited	480	97.50	2,270	97.50
Stock options outstanding at the end of the year	**-**	**-**	**480**	**97.50**

ESOS 2005

The employee stock option scheme ("ESOS 2005" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 27 July 2005 and by shareholders at the Annual General Meeting held on 22 September 2005. A total of 893,264 equity shares of Rs.10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme is in force. These options will vest over a period of four years from the date of grant i.e. 25% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. The board level committee in their meeting dated 25 October 2007 approved the grant of options under ESOS 2005 loyalty options scheme.

The movement in ESOS 2005 during the year ended 31 March 2011 is as under:

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	430,864	170.13	681,465	168.87
Add: Options granted during the year	-	-	-	-
Less: Options exercised during the year	160,116	165.16	224,122	168.63
Less: Options forfeited	7,329	176.20	26,479	150.59
Stock options outstanding at the end of the year	**263,419**	**172.98**	**430,864**	**170.13**

ESOS 2007

The employee stock option scheme ("ESOS 2007" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 7 March 2007 and by the shareholders through postal ballot meeting held on 11 May 2007. A total of 78,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme is in force. These options will vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movement in ESOS 2007 during the year ended 31 March 2011 is as under: -

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	6,994,599	243.81	5,108,366	219.55
Add: Options granted during the year	208,500	258.16	2,380,610	282.54
Less: Options exercised during the year	834,449	215.54	307,277	156.39
Less: Options forfeited	303,650	255.66	187,100	220.83
Stock options outstanding at the end of the year	**6,065,000**	**250.02**	**6,994,599**	**243.81**

ESOS 2010

The employee stock option scheme ("ESOS 2010" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 29 April 2010 and by the shareholders at the last AGM held on 1 July 2010. A total of 1,15,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movement in ESOS 2010 during the year ended 31 March, 2011 is as under: -

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	-	-	-	-
Add: Options granted during the year	3,677,500	358.57	-	-
Less: Options exercised	-	-	-	-

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
during the year				
Less: Options forfeited	82,000	349.15	-	-
Stock options outstanding at the end of the year	**3,595,500**	**358.78**	-	-

The details of exercise price for stock options outstanding as at 31 March 2011 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2002 Tranche II	92.59-136.47	49,989	3.07	122.43
ESOS 2005 Tranche I	184.82	213,430	3.15	184.82
ESOS 2005 (Loyalty Options)	114.20 - 380.40	6,065,000	4.54	250.02
ESOS 2007 Tranche 1	349.15 - 403.95	3,595,500	6.32	358.78

The details of exercise price for stock options outstanding as at 31 March 2010 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2002 Tranche II	97.50	480	0.25	97.50
ESOS 2005 Tranche I	92.59 - 136.47	102,649	4.00	123.15
ESOS 2005 (Loyalty Options)	184.82	328,215	4.14	184.82
ESOS 2007 Tranche 1	114.20 - 315.40	6,994,599	5.40	243.73

The weighted average share price for all options exercised during the year is Rs. 357.09 per share (Previous Year: Rs. 259.56).

Total employee compensation cost recognized, net of reversals for forfeitures, in Profit and Loss Account for the year ended 31 March 2011 is Rs. (1) millions (Previous year Rs. 4 millions). Total employee compensation cost outstanding as at 31 March 2011 Rs. 0.01 millions (Previous year: Rs. 0.06 millions).

All options under each scheme when exercised are settled through issue of equity shares.

The Bank follows the intrinsic method for valuing the stock options. The difference between employee compensation costs computed based on such intrinsic value and employee compensation cost that shall have been recognized if fair value of options had been used is explained below:

Employee Compensation Cost

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Intrinsic Value	(1)	4
Fair value*	288	84
Excess to be Charged	**289**	**80**

Impact on Profit

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Declared Profit	3,184	2,431
Less: Adjustment for additional charge due to Fair Value	289	81
Adjusted Profit	**2,895**	**2,350**

Impact on Earnings Per Share

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Declared in the financial Statements		
Basic (Rs.)	26.43	21.69
Diluted (Rs.)	25.93	21.40
Revised EPS		
Basic (Rs.)	24.03	20.97
Diluted (Rs.)	23.58	20.69

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Risk free interest rate**	6.33% - 8.04%	7.72% - 7.74%	4.99% - 9.25%	6.49% - 7.60%
Expected Life (excluding vesting period)	1 Year	1 Year	1 Year	1 Year
Expected Volatility	31.62% - 47.40%	45.23%	36.71% - 51.58%	36.71%
The price of the underlying share in market at the time of option grant (as per NSE)	162.6 - 260.65	262.60	114.20-380.40	349.15 - 403.95

* The Black-Scholes Model is used to calculate a theoretical call price (ignoring dividends paid during the life of the option) using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.

** Risk free interest rate is taken from the rates given by Fixed Income Money Market and Derivatives Association of India (FIMMDA) for Government securities.

The call option values under Black- Scholes Model for option valuation under different schemes for outstanding options as on 31 March 2011 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Option price at the date of grant	59.37 - 180.50	119.70 - 135.55	36.25 - 153.16	90.44 - 160.94
Weighted average Fair Value of the options at the date of grant	82.06	128.94	98.35	115.85

18.4 Provisions and contingencies debited to the profit and loss account include

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provision for income tax (including deferred tax)	1,651	1,296
Provision for wealth tax	2	2
Provision/ write off of non performing advances	1,561	2,296
Depreciation/ write off (write back) of investments (net)	12	(18)
Provision/ write off of non performing investments	43	
Provision for standard assets	157	-

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provision for restructured advances	(204)	257
Others *	(53)	170
Total	**3,169**	**4,003**

* Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.5 Details of provisions

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	**428**	318
Additions during the year	41	144
Reversals during the year	63	34
Amounts used	1	1
Closing Balance	**405**	**428**

The above provisions include provisions made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.6 Provisions for income taxes during the year

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provision for income tax (including deferred tax)	1,651	1,296

18.7 Investments

18.7.1 Non-performing non SLR investments

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	-	-
Additions during the year	300	-
Reduction during the year	-	-
Closing balance	300	-
Total provisions held	300	-

18.7.2 Value of Investments

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Gross value of Investments		
a. In India	110,540	104,749
b. Outside India	-	-
Provisions for depreciation		
a. In India	354	41
b. Outside India	-	-
Net value of Investments		
a. In India	110,186	104,708
b. Outside India	-	-

18.7.3 Movement of provisions held towards depreciation on investments

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	41	59
Add: Provisions made during the year	313	-
Less: Write-off/write-back of excess provisions during the year	-	18
Closing balance	**354**	**41**

18.8 Advances

18.8.1 Information with respect to loan assets subjected to restructuring

(a) Particulars of assets restructured:

(Rs. in millions)

Particulars		CDR Mechanism		SME Debt restructuring		Others	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Standard advances restructured	No. of Borrowers	2	2	-	-	1	13
	Amount outstanding	262	1,347	-	-	20	998
	Sacrifice*	38	200	-	-	1	5
Sub standard advances restructured	No. of Borrowers	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-
	Sacrifice*	-	-	-	-	-	-
Doubtful advances restructured	No. of Borrowers	1	-	-	-	-	1
	Amount outstanding	359	-	-	-	-	399
	Sacrifice*	-	-	-	-	-	37
Total	No. of Borrowers	**3**	**2**	**-**	**-**	**1**	**14**
	Amount outstanding	**621**	**1,347**	**-**	**-**	**21**	**1,397**
	Sacrifice*	**38**	**200**	**-**	**-**	**1**	**42**

* Sacrifice is diminution in the fair value

18.8.2 Movement of NPAs

(Rs. in millions)

Particulars	31 March 2011	31 March 2010
Gross NPAs* as on 1 April 2010	**2,345**	2,094
Additions (fresh NPAs) during the year	2,360	4,100
Total (A)	**4,705**	**6,194**
Less:-		
(i) Upgradations	140	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,450	1,553
(iii) Write- offs (including technical write offs)	1,561	2,296
Total (B)	**3,151**	**3,849**
Gross NPA as on 31 March 2011 (A-B)	**1,554**	**2,345**

* Gross NPAs as per item 2 of Annex to DBOD.BP.BC.No. 46/21.04.048/2009-10 dated September 24, 2009.

18.8.3 Movement in NPAs is set out below

(Rs. In millions)

Particulars	Gross*	Net
Opening balance as on 1 April 2009	**2,094**	**2,004**
Additions during the year ended 31 March 2010	4,100	4,100
Reductions (including write offs) during the year ended 31 March 2010	3,849	3,886
Closing balance as on 31 March 2010	**2,345**	**2,218**
NPAs to advances (%)#		1.20
Provisioning Coverage Ratio (%)#		60.19
Additions during the year ended 31 March 2011	2,360	2,360
Reductions (including write offs) during the year ended 31 March 2011	3,151	3,661
Closing balance as on 31 March 2011	**1,554**	**918**
NPAs to advances (%)#		**0.39**
Provisioning Coverage Ratio (%)#		83.41

* After considering technical write off

\# Provision held against the NPA sold of Rs.51 millions and Rs.1 millions during the year 2006-07 & 2007-08 respectively has not been reversed to profit and loss account in view of RBI Circular No DBOD.No.BP.BC.16/21.04.048/2005 dated 13 July 2005 and is retained as provision for NPA to be utilized to meet the shortfall / loss on account of sale of other non performing financial assets.

18.8.4 Movement in provisions for NPA

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	-	-
Additions during the year	1,561	2,296
Technical write-offs/write backs during the year	1,561	2,296
Closing Balance	**-**	**-**

18.8.5 Provisions on standard asset

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provision towards standard assets during the year	157	-
Cumulative provision for standard assets as at year end	1,165	1,008

Provisions towards standard assets are included in "Other Liabilities and Provisions" in Schedule 5 to the balance sheet.

18.8.6 Purchase/ sale of non performing assets

No non performing financial assets were purchased during the year (Previous year: Nil).

Details of non performing financial assets sold:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
No. of accounts sold*	1	-
Aggregate outstanding, net of provisions/ write offs (Rs. in millions)	-	-
Aggregate consideration received (Rs. in millions)	15	-

18.8.7 Sale of financial assets to Securitisation / Reconstruction Company for Asset Reconstruction:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Total number of accounts	2	-
Total number of transactions	2	-
Book value (net of provisions) of accounts sold (Rs. in millions)	133	-
Aggregate consideration received (Rs. in millions)	135	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/ (loss) over net book value (Rs. in millions)	2	-

Contribution Agreement

The Bank invests in SPVs through contribution agreements and such amounts invested are recorded as loans and advances. The interest is recognized based on net yields on these transactions.

18.8.8 (a) Exposure to capital market

(Rs. in millions)

Sl. No.	Particulars	As at 31 March 2011	As at 31 March 2010
(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;	81	5
(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;	2,047	2,016
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by 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 Rs. does not fully cover the advances;	3	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	182	859
(vi)	loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	underwriting commitments taken up by 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)	-	-
Total Exposure to Capital Market		**2,313**	**2,880**

Point (ii) above includes loans to investment companies amounting to Rs. 2,000 millions (Previous year: Rs. 2,000 millions) secured by bank deposits.

(b) Exposure to real estate sector

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
(a) Direct exposure		
(i) Residential mortgages (fully secured)		
Individual housing loans up to 20 lakhs	9,785	8,938
Others	33,738	28,340
(ii) Commercial real estate		
Fund Based	10,581	9,595
Non- Fund Based	456	635
(iii)Investment in mortgage backed securities and other securitised exposures		
a. Residential	824	1,405
b. Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	3,330	7,024
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total	**58,714**	**55,937**

18.9 Fixed Assets

18.9.1 Capital work in progress

The Capital work in progress (Premises) Nil (Previous year Rs. 2,017 millions) includes Nil (Previous year Rs. 1,322 millions) towards the lease premium paid to Mumbai Metropolitan Regional Development Authority (MMRDA) in connection with the lease of land. During the current year, the Bank has completed construction of the building and executed lease agreement with MMRDA. Consequently, the entire amount of capital work in progress including the lease premium has been capitalized in the current year.

18.9.2 Leases

Operating leases

The Bank has commitments under long-term non-cancellable operating leases primarily for premises. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases:

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
Not later than one year	41	67
Later than one year and not later than five years	46	15
Later than five years	-	-
Total minimum lease rental commitments	**87**	**82**

Additionally, the Bank also leases office/branch premises under cancellable operating lease agreements. Total lease rental expenditure under cancellable and non-cancellable operating leases debited to profit and loss account in the current year is Rs. 588 millions (Previous year: Rs. 562 millions).

Finance leases

The Bank has taken no assets under finance leases / hire purchases.

18.10 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2011	As at 31 March 2010
Earnings for the year (Rs. in millions)	3,184	2,431
Basic weighted average number of shares (Nos)	120,456,832	112,066,989
Basic EPS (Rs.)	26.43	21.69
Dilutive effect of stock options (Nos)	2,320,887	1,508,631
Diluted weighted average number of shares (Nos)	122,777,719	113,575,620
Diluted EPS (Rs.)	25.93	21.40
Nominal value of shares (Rs.)	10	10

18.11 Deferred taxes

In accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, provision for taxation for the year is arrived at after considering deferred tax charge of Rs. 233 millions (Previous year Rs. 283 millions) for the current year.

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
Deferred tax assets		
on account of provisions	567	831
on leave encashment	218	189
on investments	951	869
on pension fund	124	169
on Gratuity	0	0
Total deferred tax asset	**1,860**	**2,058**
Deferred tax liabilities		
on depreciation on fixed assets	174	134
on bad debts claim	157	161
Total deferred tax liability	**331**	**295**
Net deferred tax assets	**1,529**	**1,763**

18.12 Intangibles

(Rs. in millions)

Particulars	Gross block				Depreciation / Amortization				Net block
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	As at 1 April 2010	Charge for the year	Deletions	As at 31 March 2011	As at 31 March 2011
Intangible assets									
Application software	798	101	-	899	658	108	-	766	133
Total	798	101	-	899	658	108	-	766	133
Previous year	652	145	**-**	**798**	**540**	**118**	**-**	**658**	**140**

* forms part of "Other fixed assets" in Schedule 10.

18.13 Related party transactions

List of related parties
Related parties with significant influence and with whom there are transactions during the year
ING Bank N.V. and its branches
ING Vysya Bank Staff Provident Fund
ING Vysya Bank Staff Gratuity Fund
ING Vysya Bank Superannuation Fund
ING Vysya Bank (Employees) Pension Fund

Key Management Personnel – Mr. Shailendra Bhandari Bhandari - Managing Director & Chief Executive Officer (MD & CEO)

The above list does not include the related parties, which are having transactions with the Bank by way of deposit accounts.

(Rs. in millions)

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Investment in Tier I Bonds	Maximum 1,202 (1,005) Outstanding 1,126 (1,005)	- (-) - (-)	Maximum 1,202 (1,005) Outstanding 1,126 (1,005)
Investment in Tier II Bonds	Maximum 10 (10) Outstanding 10 (10)	- (-) - (-)	Maximum 10 (10) Outstanding 10 (10)
Investment in Upper Tier II Bonds	Maximum 3,624 (3,032) Outstanding 3,396 (3,032)	- (-) - (-)	Maximum 3,624 (3,032) Outstanding 3,396 (3,032)
Deposits kept with Bank including lease deposit	Maximum 588 (912) Outstanding 588 (556)	- (-) - (-)	Maximum 588 (912) Outstanding 588 (556)
Deposit kept with other banks	Maximum 1,164 (1,819) Outstanding 15 (20)	- (-) - (-)	Maximum 1,164 (1,819) Outstanding 15 (20)
Borrowing	Maximum 19,446 (13,964) Outstanding 19,446 (9,896)	- (-) - (-)	Maximum 19,446 (13,964) Outstanding 19,446 (9,896)
Call borrowing	Maximum		Maximum

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
	918 (629) Outstanding - (-)	- (-) - (-)	918 (629) Outstanding - (-)
Lending	Maximum 3,226 (-) Outstanding 1,784 (-)	- (-) - (-)	Maximum 3,226 (-) Outstanding 1,784 (-)
Interest paid	1,665 (298)	- (-)	1,665 (298)
Interest received	588 0	- (-)	588 0
Charges Paid	0 0	- (-)	0 0
Interest accrued but not due (payable)	58 (16)	- (-)	58 (16)
Interest accrued but not due (receivable)	0 0	- (-)	0 (-)
Purchase and sale of securities	491 (-)	- (-)	491 (-)
Reimbursement received	7 (2)	- (-)	7 (2)
Reimbursement paid	22 (31)	- (-)	22 (31)
Contribution to employee welfare funds - Paid	933 (316)	- (-)	933 (316)
Contribution to employee welfare funds- Payable	725 (791)	- (-)	725 (791)
Managerial remuneration	- (-)	15 (8)	15 (8)
Bank guarantees Received	1,929 (-)	- (-)	1,929 (-)
Bank guarantees- Issued	- (4,314)	- (-)	- (4,314)
Derivative transactions - notional outstanding	Maximum 84,397 (79,457) Outstanding 82,385 (71,839)	- (-) - (-)	Maximum 84,397 (79,457) Outstanding 82,385 (71,839)
Forward transactions	Maximum 52,337 (44,437) Outstanding 11,516 (23,830)	- (-) - (-)	Maximum 52,337 (44,437) Outstanding 11,516 (23,830)
Premium received	3 (2)	- (-)	3 (2)
Premium paid	16 (14)	- (-)	16 (14)
Commission received	11 (13)	- (-)	11 (13)
Gain on Liquidation	0	-	0

Items / Related Party	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
	(19)	(-)	(19)
Invocation of Guarantee	- (1,411)	- (-)	- (1,411)
Repayment of Guarantee	- (1,411)	- (-)	- (1,411)
Guaranteed Interest	- (11)	- (-)	- (11)
Profit / exchange difference on remittance	- (24)	- (-)	- (24)

During the year 2010-11; 0.7 millions (Previous Year: Nil) number of stock options under "ESOS 2010" scheme have been issued to the MD & CEO.

(Previous year's figures are given in parentheses)

18.4 Segmental Reporting:

Segment Information – Basis of preparation

As per the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007, the classification of exposures to the respective segments is now being followed. The business segments have been identified and reported based on the organization structure, the nature of products and services, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment includes the net interest earnings on investments of the bank in sovereign bonds, corporate debt, mutual funds etc, income from trading, income from derivative and foreign exchange operations and the central funding unit.

(b) Retail Banking

The retail banking segment constitutes the business with individuals and small businesses through the branch network and other delivery channels like ATM, Internet banking etc. This segment raises deposits from customers, makes loans and provides fee based services to such customers. Exposures are classified under retail banking broadly taking into account the orientation criterion, the nature of product and exposures which are not exceeding Rs. 50 millions. Revenue of the retail banking segment includes interest earned on retail loans, fees and commissions for banking and advisory services, ATM Fees etc. Expenses of this segment primarily comprise the interest expense on the retail deposits, personnel costs, premises and infrastructure expenses of the branch network and other delivery channels, other direct overheads and allocated expenses.

(c) Wholesale Banking

The wholesale banking segment provides loans and transaction services to large corporate, emerging corporate, institutional customers and those not classified under Retail. Revenue of the wholesale banking segment includes interest and fees earned on loans to customers falling under this segment, fees from trade finance activities and cash management services, advisory fees and income from foreign exchange and derivatives transactions. The principal expenses of the segment consist of personnel costs, other direct overheads and allocated expenses.

(d) Other Banking Operations

All Banking operations that are not covered under the above three segments.

(e) Unallocated

All items of which cannot be allocated to any of the above are classified under this segment. This also includes capital and reserves, debt classifying as tier I or tier II capital and other unallocable assets and liabilities.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue reduced by interest expense, operating expenses and provisions, if any, for that segment. Inter-segment revenue represents the transfer price paid/received by the central funding unit. For this purpose the present internal funds transfer pricing mechanism has been followed which calculates the charge based on yields benchmarked to an internally developed yield curve, which broadly tracks certain agreed market benchmark rates. Segment-wise income and expenses include certain allocations. The Retail banking and Wholesale banking segments allocate costs among them for the use of branch network etc. Operating costs of the common/shared segments are allocated based on agreed methodology which estimate the services rendered by them to the above four segments.

Geographic Segments

The Bank operates in one geographical segment i.e. Domestic.

Segment Results for the year ended 31 March 2011

(Rs. in millions)

Business Segments	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**
Revenue	22,772	17,351	25,033	-	65,156
Less: Inter segment revenue	(15,434)	(3,159)	(13,076)	-	(31,669)
Net Revenue	**7,338**	**14,192**	**11,957**	**-**	**33,487**
Result	783	3,282	2,289	-	6,354
Unallocated expenses					
Operating Profit					6,354
Provisions and contingencies	13	750	753	-	1,516
Unallocated provision & contingencies					-
Taxes					1,654
Net Profit					**3,184**
Other Information	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**
Segment Assets	138,282	149,051	98,028	-	385,361
Unallocated Assets					4,786
Total Assets	**138,282**	**149,051**	**98,028**	**-**	**390,147**
Segment Liabilities	37,368	117,079	185,931		340,378
Unallocated Liabilities					23,460
Capital and Reserve & Surpluses					26,309
Total Liabilities	**37,368**	**117,079**	**185,931**		**390,147**

Information is collected as per the MIS available for internal reporting purposes. The

methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

Segment Results for the year ended 31 March 2010

(Rs. in millions)

Business Segments	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Particulars	**Year ended 31 March 2010**	**Year ended 31 March 2010**	**Year ended 31 March 2010**	**Year ended 31 March 2010**	**Year ended 31 March 2010**
Revenue	18,187	14,225	22,627	-	55,039
Less: Inter segment revenue	(11,307)	(2,785)	(12,409)	-	(26,501)
Net Revenue	**6,879**	**11,441**	**10,218**	**-**	**28,538**
Result	(125)	3,507	3,088	-	6,470
Unallocated expenses					37
Operating Profit					6,433
Provisions and contingencies	49	1,418	1,245	-	2,713
Unallocated provision & contingencies					(9)
Taxes			5		1,298
Net Profit					**2,431**
Other Information	**As at 31 March 2010**	**As at 31 March 2010**	**As at 31 March 2010**	**As at 31 March 2010**	**As at 31 March 2010**
Segment Assets	138,356	115,877	79,966		334,199
Unallocated Assets					4,614
Total Assets	**138,356**	**115,877**	**79,966**	**-**	**338,813**
Segment Liabilities	33,057	85,563	174,008		292,628
Unallocated Liabilities					22,807
Capital and Reserve & Surpluses			63		23,378
Total Liabilities	**33,057**	**85,563**	**174,072**	**-**	**338,813**

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

18.15 Off Balance Sheet Items

18.15.1 Derivative contracts

Interest Rate Swaps

(Rs. In millions)

Particulars	**As at 31 March 2011**	**As at 31 March 2010**
The notional principal of swap agreements	185,427	201,933
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	986	1,294
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with	Predominantly with

Particulars	As at 31 March 2011	As at 31 March 2010
	banks (73%)	banks (76%)
The fair value of the swap book [asset / (liabilities)]	(257)	(38)

MTM netted off counterparty wise.

Forward Rate Agreements (FRA)

(Rs. In millions)

Particulars	As at 31 March 2011	As at 31 March 2010
The notional principal of FRA Agreements	1,338	898
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	3	0
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Banks only (100%)	Banks only (100%)
The fair value of the swap book [asset / (liabilities)]	0	0

MTM netted off counterparty wise.

Derivatives: Currency Swaps

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
The notional principal of swap agreements	61,309	60,053
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	3,188	1,782
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with Banks (86%)	Predominantly with Banks (74%)
The fair value of the swap book [asset / (liabilities)]	99	16

MTM netted off counter party wise.

The Bank enters into derivative contracts such as Interest Rate Swaps ("IRS"), Forward Rate Agreements ("FRA"), Currency Swaps ("CS") and option agreements. Notional amounts of principal outstanding in respect of IRS, FRA and CS as at 31 March 2011 is Rs. 248,073 millions (Previous year Rs. 262,883 millions).

Nature	Number	Notional Principal (Rs. millions)	Benchmark	Terms
Trading	110	35,250	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	102	34,050	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	30	10,250	MIFOR	Fixed Payable vs Floating Receivable
Trading	39	15,840	MIFOR	Fixed Receivable vs Floating Payable
	Total	**95,390**		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2010

Nature	Number	Notional Principal (Rs. millions)	Benchmark	Terms
Trading	103	35,250	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	126	57,221	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	29	9,500	MIFOR	Fixed Payable vs Floating Receivable
Trading	35	13,840	MIFOR	Fixed Receivable vs Floating Payable
	Total	**115,811**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2011

Nature	Number	Notional Principal (Rs. millions)	Benchmark	Terms
Trading	87	48,044	LIBOR	Fixed Payable vs Floating Receivable
Trading	105	43,569	LIBOR	Fixed Receivable vs Floating Payable
Trading	40	30,264	LIBOR	Float Receivable vs Float Payable
Trading	8	6,112	Principal	Fixed Payable
Trading	3	347	Principal	Fixed Receivable
Trading	15	5,329	Principal	Fixed Received vs Fixed Paid
Trading	49	5,490	Principal	Principal only Swaps
Hedging	2	3,396	LIBOR	Float Receivable vs Float Payable
Hedging	4	3,959	LIBOR	Fixed Payable vs Floating Receivable
Hedging	7	6,173	Principal	Fixed Received vs Fixed Paid
	Total	**152,683**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2010

Nature	Number	Notional Principal (Rs. millions)	Benchmark	Terms
Trading	81	47,454	LIBOR	Fixed Payable vs Floating Receivable
Trading	88	42,265	LIBOR	Fixed Receivable vs Floating Payable
Trading	39	28,859	LIBOR	Float Receivable vs Float Payable
Trading	6	4,073	Principal	Fixed Payable
Trading	2	676	Principal	Fixed Receivable
Trading	12	4,526	Principal	Fixed Received vs Fixed Paid
Trading	41	12,331	Principal	Principal only Swaps
Hedging	2	3,032	LIBOR	Float Receivable vs Float Payable
Hedging	4	3,857	LIBOR	Fixed Payable vs Floating Receivable
	Total	**147,073**		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2011 is Rs. (158) millions (Previous year Rs. (22) millions), which represents the net mark to market loss on swap contracts. As at 31 March 2011 the exposure to IRS, CS and FRA contracts is spread across industries. However based on notional principal amount the maximum single industry exposure lies with Banks at 81.72% (Previous year: 74.76%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of Rs. 2 millions (Previous year: Rs. 1 millions) on total Interest Rate Swap trading book including Rupee IRS, FX IRS, CS and FRA. Agreements are with Banks/ Financial Institutions and corporate under approved credit lines.

The fair value of the Option Book as at 31 March 2011 on a net basis is Rs. 7 millions. As at 31 March 2011 notional outstanding for outstanding option contracts is Rs. 48,794 millions (Previous year: Rs 137,181 millions).

18.15.2 Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps

No Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps were entered during the year ended 31 March 2011 (Previous year: Nil).

18.15.3 Risk exposure on derivatives

The Bank currently deals in various derivative products, i.e., Rupee and Foreign Currency Interest Rate Swaps, Currency Swaps, Forward Rate Agreement, Currency and Cross Currency options. These products are offered to the Bank's customers to enable them to manage their exposure towards movement in foreign exchange rates or in Indian / foreign currency interest rates. The Bank also enters into these derivative contracts (i) to cover its own exposures resulting either from the customer transactions or own foreign currency assets and liabilities or (ii) as trading positions.

The derivative contracts, as above, expose the Bank to risks such as credit risk and market risk. Credit risk implies probable financial loss the Bank may ultimately incur, if the counter parties fail to meet their obligations. Market risk deals with the probable loss the Bank may ultimately incur as a result of movements in exchange rates, benchmark interest rates, credit spreads etc., to the extent that the exposures are not fully covered by the Bank on a back-to-back basis or as hedge positions.

The Bank has established an organization structure to manage these risks that operates independent of investment and trading activities. Management of these risks is governed by respective policies approved by the Board of Directors. While expanding relationship-banking activities, the Bank has put in place a credit policy by defining the internal risk controls. The policy incorporates the guidelines issued by the RBI from time to time and envisages methodologies of identification, quantification of risk on the basis of Loan Equivalent Factor, risk rating and mitigation of the credit concentration risk by stipulating counterparty wise as well as product wise exposure ceiling. ISDA agreements are entered into with counterparties. The Bank has evolved a similar policy for managing market risks through specific product mandates, limits on book sizes, stop loss limits, Value at Risk limits (VaR), Event Risk Analysis, counter party limits etc.

The Bank has also set up an Asset-Liability Management Committee ("ALCO") and a Risk Management Review Committee ("RMRC"), which monitor the risk on an integrated basis. The market risk and credit risk management teams monitor compliance with the policies on a continuous basis and there is a clearly defined procedure of reporting and ratification of any limit breaches for derivative products.

Quantitative disclosure:

(Rs. in millions)

Sl.No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	13,528	6,889	-	-
	b) For trading	47,781	53,164	186,765	202,831
(ii)	Marked to Market Positions				
	a) Asset (+)	3,227	2,307	2,190	2,489
	b) Liability (-)	3,128	2,291	2,447	2,527
(iii)	Credit Exposure	8,723	7,897	4,004	4,402
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives			160	192
	b) on trading derivatives			21	(79)
(v)	Maximum and Minimum of 100*PV01 #				
	a) on hedging				
	- Maximum			334	446
	- Minimum			156	191
	b) on trading				
	- Maximum			51	121
	- Minimum			(95)	66

\# Amounts stated are inclusive of impact of Currency swaps and Interest Rate Swaps and are stated at absolute values.

* Does not include notional of Forward contracts and Currency options, trading or hedging.

18.16 Capital (Tier I) raised during the year 2009 - 10

During the year 2009 - 10 the Bank had raised Tier I capital of Rs. 4,159 millions by way of Qualified Institutions Placement (QIP) and preferential allotment. The Bank had incurred expenses of Rs. 32 millions towards payment of commission to the Book Running Lead Managers in connection with the

QIP and had adjusted this amount against Securities Premium Account. However on account of the restrictions placed by Section 13 of the Banking Regulation Act, 1949 on the quantum of commission that can be paid, the Bank had sought RBI's approval, which is awaited.

18.17 Employee benefits

Provident fund plan

The Bank has a defined contribution plan in respect of provident fund. The contribution to the employees provident fund amounted to Rs. 110 millions for the year ended 31 March 2011 (Previous year Rs. 93 millions).

Gratuity, Pension and Leave Benefit plans

The Bank has non-contributory defined benefit plans in respect of Gratuity, Pension & Leave Encashment. The Gratuity & Pension schemes are funded out of Trust fund set up for this purpose separately.

In case of IVFSL it has a defined gratuity plan. It has a policy for availment of leave and it does not provide for encashment of leave.

Reopening of Pension Option and amendment to the Payment of Gratuity Act, 1972

During the year, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result, the Bank has incurred an additional liability of Rs. 1,217 millions. Further, during the year, the limit of gratuity payable to the employees was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result the gratuity liability of the Bank has increased by Rs. 207 millions.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of Rs. 1,425 millions is required to be charged to the Profit and Loss Account. However, the Reserve Bank of India has vide their letter dated 8 April 2011 ("the RBI Letter") on Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, permitted the Bank to amortise the additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier as well as the enhancement in gratuity limits over a period of five years beginning with the financial year ending 31 March 2011 subject to a minimum of 1/5th of the total amount involved every year.

The Bank has during the current year taken in its Profit and Loss account the full impact of Rs. 287 millions on account of II Pension Option to retired/ separated employees as required by the RBI letter and Rs 207 millions on account of amendment to the Payment of Gratuity Act which is allowed to be amortized over a period of five years by the RBI Letter. Further, the Bank has provided Rs.186 millions representing one-fifth of the full impact of II Pension Option to the existing employees. In terms of the requirements of the RBI Letter, the balance impact of Rs. 744 millions on account of II Pension Option to existing employees shall be provided over the next four years.

Had the RBI Letter not been issued, the profit of the Bank would have been lower by Rs. 744 millions pursuant to application of the requirements of Revised AS 15.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

Profit and Loss account: - Net employee benefit expense (recognized in Employee Cost)

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
1. Current service cost	94	51	277	141
2. Interest cost on benefit obligation	52	50	133	143
3. Expected return on plan assets	(62)	(54)	(165)	(111)
4. Net actuarial (gain)/ loss recognized in	86	(66)	1,213	163

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
the year				
5. Past service cost	207	44	-	-
6. Net expenses (1+2+3+4+5)	377	25	1,458	335
Actual return on plan assets	**47**	**69**	**1,064**	**117**

* In terms of the requirements of the RBI letter dated 8th April 2011, the Bank has provided Rs. 186 millions representing one-fifth of the full impact of Rs. 930 millions on account of II Pension Option to the existing employees. The balance impact of Rs. 744 millions on account of II Pension Option to existing employees shall be provided over the next four years.

\# Includes employee contribution of Rs. 160 millions and transfer of Bank's contribution to Provident fund amounting to Rs. 733 millions.

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
1. Current service cost	26	12	23	20
2. Interest cost on benefit obligation	32	28	15	15
3. Net actuarial (gain)/ loss recognized in the year	(7)	-	12	(40)
4. Past service cost	-	-	-	-
5. Net expenses recognised in profit and loss (1+2+3+4+5)	51	40	49	(5)

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Present value of obligation	966	670	3,684	2,046
Fair value of plan assets	(608)	(689)	(2,215)	(1,255)
Liability (Assets)	358	(19)	1,469	791
Liability (Asset) recognized in the Balance Sheet	358	(19)	1,469	791

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Present value of obligation	435	384	220	171
Fair value of plan assets	-	-	-	-
Liability (Assets)	435	384	220	171
Liability (Asset) recognized in the Balance Sheet	435	384	220	171

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Opening defined benefit obligation	670	608	2,046	1,887
Interest cost	52	50	133	143
Current service cost	94	51	277	141
Past service cost	207	44	-	-

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Benefits paid	(128)	(32)	(883)	(294)
Actuarial (gains) / losses on obligation	71	(51)	2,112	169
Closing defined benefit obligation	966	670	3,684	2,046

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Opening defined benefit obligation	384	343	171	176
Interest cost	32	28	14	15
Current service cost	26	12	23	20
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	(7)	0	12	(40)
Closing defined benefit obligation	435	383	220	171

The Changes in the fair value of plan assets are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Opening fair value of plan assets	689	652	1,255	1,221
Expected return	62	54	165	111
Contributions by employer	-	-	780	211
Benefits paid	(128)	(32)	(883)	(294)
Actuarial gains / (losses)	(15)	15	899	6
Closing fair value of plan assets	608	689	2,216	1,255

Previous four annual years figures are not disclosed as revised AS 15 was applicable from 2007-08

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: -

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Investments with insurer	100%	0.90%	100%	100%
Investment in Government/ PSU bonds/securities	-	99.10%	-	-

Experience Adjustments

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Defined benefit obligations	966	670	3,684	2,046
Plan assets	608	689	2,215	1,255
(Surplus) / deficit	358	(19)	1469	791
Experience adjustments on plan liabilities	85	(36)	2,257	193
Experience adjustments on plan assets	(5)	14	908	0

(Rs. in millions)

Particulars	Leave encashment and availment	
	31 March 2011	31 March 2010
Defined benefit obligations	655	555
Plan assets	-	-

Particulars	Leave encashment and availment	
	31 March 2011	31 March 2010
(Surplus) / deficit	655	555
Experience adjustments on plan liabilities	36	(31)
Experience adjustments on plan assets	-	-

Principal assumptions used in determining gratuity, pension & leave encashment obligations for the Company's plans are shown below: -

Particulars	Gratuity				Pension			
	31 March 2011		31 March 2010		31 March 2011		31 March 2010	
	IVBL	IVFSL	IVBL	IVFSL	IVBL	IVFSL	IVBL	IVFSL
Discount rate (%) p.a.	8.53	8.54 (CTC), 8.54 (Others)	8.37	8.58 (CTC), 8.59 (Others)	8.29	-	8.19	-
Expected rate of return on assets (%)	9.50	-	8.00	-	9.50	-	9.00	-
Employee turnover % p.a.	1 (IBA), 27 (Others)	19 (CTC), 97 (Others)	1 (IBA), 25 (Others)	12 (CTC), 97 (Others)	1 (IBA)	-	1 (IBA)	-

Particulars	Leave Encashment				Leave Availment			
	31 March 2011		31 March 2010		31 March 2011		31 March 2010	
	IVBL	IVFSL	IVBL	IVFSL	IVBL	IVFSL	IVBL	IVFSL
Discount rate (%) p.a.	8.29	-	8.19	-	8.53	8.54	8.37	8.58
Expected rate of return on assets (%)	N.A.	-	N.A.	-	N.A.	N.A.	N.A.	N.A.
Employee turnover % p.a.	1 (IBA), 27 (Others)	-	1 (IBA), 25 (Others)	-	1 (IBA), 27 (Others)	19 (CTC)	1 (IBA), 25 (Others)	12 (CTC)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

With respect to defined benefit plans, the Bank is yet to determine the contributions expected to be paid to the plans during the annual period beginning 1 April 2011.

18.18 Additional Disclosure

Additional statutory information disclosed in separate financial statements of the parent and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

18.19 Other Disclosures

18.19.1 Draw down from Reserves

During the year 2010 – 11, the Bank had utilized the securities premium account for meeting direct expenses of Rs. Nil (Previous Year: 38 millions) relating to the QIP issue, as per the RBI mail box clarification dated 9 October 2007.

18.19.2 Fees/remuneration received from Bancassurance business:

(Rs. in millions)

Sr. No.	Nature of Income	Year ended 31 March 2011	Year ended 31 March 2010
1	For selling life insurance polices	685	426
2	For selling non life insurance polices	11	11

Sr. No.	Nature of Income	Year ended 31 March 2011	Year ended 31 March 2010
3	For selling mutual fund products	301	300
4	Others	29	29

18.19.3 Penalties levied by RBI on the Bank

During the year there were no penalties levied by RBI on the Bank (Previous year Nil.)

18.19.4 Letters of Comforts issued by the Bank

The Bank has 413 (Previous year: 262) letter of comforts/ undertaking issued and outstanding as on 31 March 2011 amounting to Rs. 11,012 millions (Previous year: Rs. 8,450 millions).

18.19.5 Prior Period Item

In earlier years, the Bank had participated in a tender floated by the Mumbai Metropolitan Region Development Authority ('MMRDA') for allotment of a plot of land on an 80 year lease in an area reserved for banks. Due to certain restraints, the Bank had sought additional time to pay certain installments. Eventually as part of a settlement with MMRDA, the Bank paid the pending installment along with incremental amount of Rs. 307 millions which was expensed off during the years 2003-04, 2004-05 and 2005-06. Thereafter, the Bank entered into an agreement to lease with MMRDA and commenced construction of the building. Since the Bank paid the incremental amount before the right to lease was acquired, the incremental amount of Rs. 307 millions was considered as part of the acquisition cost of the leased premises in the year 2009 - 10.

As a result, for the year 2009 – 10, profit before tax and profit after tax are higher by Rs. 307 millions and 3 millions respectively and the fixed assets are higher by Rs. 307 millions.

18.19.6 Previous year's figures

Previous year's figures have been regrouped / recast, where necessary, to confirm to current year's presentation.

Signatures to Schedules 1 to 18

Arun Thiagarajan
Chairman

Aditya Krishna
Director

Place: Bangalore
Date: 20 April 2011

Independent Auditor's Report

To the Members of
ING Vysya Bank Limited

Report on the financial statements

1. We have audited the accompanying financial statements of ING Vysya Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31March 2013 and 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 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 misstatement.

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. 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 2013;

   (b) in the case of the 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.

Emphasis of matter

7. We draw attention to Note 18.2 to the financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option,

to the extent of Rs. 372 millions pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter to the Bank dated 8 April 2011 regarding Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

8. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

9. 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;

   (c) During the course of our audit, we visited 15 branches. Since the key operations of the Bank are completely automated with the key applications integrated to the core banking systems, the audit is carried out at the Head Office and the Corporate Office as all the necessary records and data required for the purposes of our audit are available therein.

10. 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.

11. We further report that:

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

   (ii) 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;

   (iii) the reports on the accounts of 50 branches audited by branch auditors, as submitted by the management of the Bank have been dealt with in preparing report in the manner considered necessary by us;

   (iv) on the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Director is disqualified as on 31 March 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Zubin Shekary
Partner
Membership No: 048814

Mumbai
29 April 2013

ANNEXURE I

SOLO BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	Schedule	31 March 2013	31 March 2012
CAPITAL AND LIABILITIES			
Capital	1	1,549	1,501
Employees' Stock Options Outstanding (Net)		9	16
Reserves and Surplus	2	44,710	38,281
Deposits	3	4,13,340	3,51,954
Borrowings	4	65,113	56,965
Other Liabilities and Provisions	5	23,643	21,121
TOTAL		**5,48,364**	**4,69,838**
ASSETS			
Cash and Balances with Reserve Bank of India	6	19,447	19,824
Balance with Banks and Money at call and short notice	7	8,887	12,482
Investments	8	1,82,782	1,27,155
Advances	9	3,17,720	2,87,214
Fixed Assets	10	4,996	5,008
Other Assets	11	14,532	18,155
TOTAL		**5,48,364**	**4,69,838**
Contingent Liabilities	12	12,15,666	12,24,048
Bills for collection		64,385	53,798
Significant accounting policies	17		
Notes on Accounts	18		

ANNEXURE II

SOLO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	Schedule	31 March 2013	31 March 2012
INCOME			
Interest Earned	13	48,616	38,568
Other Income	14	7,269	6,698
TOTAL		**55,885**	**45,266**
EXPENDITURE			
Interest Expended	15	33,230	26,485
Operating Expenses	16	12,728	11,102
Provisions and Contingencies		3,797	3,116
TOTAL		**49,755**	**40,703**
PROFIT / (LOSS)			
Net Profit for the year		6,130	4,563
Profit/(loss) Brought Forward		7,654	5,175
TOTAL		**13,784**	**9,738**
APPROPRIATIONS			
Transfer to Statutory Reserve		1,532	1,141
Transfer to Capital Reserves		16	4
Transfer to / (from) Investment Reserve		(2)	2
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		160	140
Dividend Paid (Refer Note No.18.10.b)		-	87
Proposed Dividend		852	601
Dividend Tax (Refer Note No.18.10.b)		138	109
Balance Carried to Balance Sheet		11,088	7,654
TOTAL		**13,784**	**9,738**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic		40.36	31.85
Diluted		39.29	31.54
Number of shares used in computing Earnings Per Share			
Basic		151,884,592	143,275,876
Diluted		156,006,671	144,671,610

ANNEXURE III

CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
(A) Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	9,014	6,542
Adjustments for:		
Depreciation charges	530	519
Employee compensation expense (ESOS)	-	(1)
Provision/write off of Advances	843	807
(Profit) / Loss on revaluation of investment	394	549
Provision for Standard Assets	37	289
Other Provisions	(55)	37
Lease Adjustment Account	(20)	(20)
(Profit)/Loss on Sale of Assets (net)	1	(8)
Dividend received from subsidiary/ others	(2)	(2)
Cash Generated from Operation	10,742	8712
Adjustments for:		
Decrease / (Increase) in Advances	(31,349)	(52,153)
Decrease / (Increase) in Other assets	3,924	(4,353)
Non-Banking Assets sold	-	-
Decrease/ (Increase) in Investments	(56,021)	(17,121)
Increase / (Decrease) in Deposits	61,386	50,011
Increase / (Decrease) in Other liabilities	2,347	200
Increase/ (Decrease) in Borrowings	-	-
Less: Direct Taxes Paid	3,185	2,502
Net Cash flow from / (used in) Operating Activities	**(12,156)**	**(17206)**
(B) Cash Flow from Investing Activities		
Purchase of Fixed assets / leased assets	(517)	(497)
Sale of Fixed assets/ Leased assets	11	20
Dividend received from subsidiary/others	2	2
Net Cash flow used in Investing Activities	**(504)**	**(475)**
(C) Cash Flow from Financing Activities		
Proceeds from issue of shares	47	291
Share premium collected	1290	9,506
Dividend Paid	(796)	(520)
Borrowings (including Subordinated Debt -Tier II Bonds and Innovative Perpetual Debt Instrument)	8,148	15,497
Net Cash Flow from Financing Activities	**8,689**	**24,773**
Net Increase/ (Decrease) in Cash and Cash Equivalents	(3,971)	7,092
Cash and Cash equivalents as at the beginning of the year(Including Money At Call and Short Notice)	**32,306**	**25,214**
Cash and Cash equivalents as at the end of the year(Including Money At Call and Short Notice)	**28,335**	**32,306**

ANNEXURE IV

SCHEDULES TO THE SOLO BALANCE SHEET AS AT

SCHEDULE 1 – CAPITAL

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
AUTHORISED CAPITAL		
350,000,000 (Previous Year 350,000,000) Equity shares of Rs.10 each	3,500	3,500
100,000,000 (Previous Year 100,000,000) Preference shares of Rs.10 each	1,000	1,000
ISSUED CAPITAL		
155,141,130 (Previous Year 150,411,637)		
Equity shares of Rs.10 each	1,551	1,504
SUBSCRIBED AND CALLED UP CAPITAL		
154,853,474 (Previous Year 150,123,831)		
Equity shares of Rs.10 each fully called and paid up	1,549	1,501
TOTAL	**1,549**	**1,501**

SCHEDULE 2 - RESERVES AND SURPLUS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. STATUTORY RESERVE		
Opening balance	5,637	4,496
Additions during the year	1,532	1,141
TOTAL (A)	**7,169**	**5,637**
II. CAPITAL RESERVE		
(a) Revaluation Reserve		
Opening balance	1,034	1,042
Less: Revaluation reserve reversed consequent to sale of assets/ transfer of assets	-	(1)
Less: Depreciation transferred to Consolidated Profit and Loss Account	(7)	(7)
TOTAL (B)	**1,027**	**1,034**
(b) Others		
Opening Balance	1,249	1,245
Add: Transfer from Profit and Loss Account	16	4
TOTAL (C)	**1,265**	**1,249**
TOTAL CAPITAL RESERVE (B+C)	**2,292**	**2,283**
III. SECURITIES PREMIUM		
Opening balance	21,562	12,054
Add: Additions during the year	1,297	9,581
Less: Deletions during the year	-	(73)
TOTAL (D)	**22,859**	**21,562**
IV. REVENUE AND OTHER RESERVES		
(a) SPECIAL RESERVE (u/s 36 (1) (viii) of Income Tax Act, 1961)		
Opening balance	587	447
Add: Additions during the year	160	140
TOTAL (E)	**747**	**587**
(b) Revenue Reserves		
Opening Balance	555	555
Add: Addition on consolidation of subsidiary	-	-
TOTAL (F)	**555**	**555**
(c) Investment Reserve		
Opening Balance	2	-
Add: Additions during the year	-	2
Less: Deductions during the year	**(2)**	**-**
TOTAL (G)	**-**	**2**
TOTAL (IV) (E+F+G)	**1,302**	**1,145**
V. BALANCE IN CONSOLIDATED PROFIT AND LOSS ACCOUNT (I)	**11,088**	**7,654**
TOTAL (I to V)	**44,710**	**38,281**

SCHEDULE 3 - DEPOSITS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
A I. Demand deposits		
i. From banks	4,492	3,544
ii. From others	68,677	60,660
II. Savings bank deposits	61,183	56,429
III. Term deposits		
i. From banks	97,835	75,954
ii. From others	1,81,153	1,55,367
TOTAL (I to III)	**4,13,340**	**3,51,954**
B. Deposits of branches in India	4,13,340	3,51,954
C. Deposits outside India	**-**	**-**
TOTAL	**4,13,340**	**3,51,954**

SCHEDULE 4 - BORROWINGS*

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Borrowings in India		
i. Reserve Bank of India	1,000	-
ii. Other banks	2,235	4,403
iii. Other institutions and agencies	25,576	23,697
II. Borrowings outside India	36,302	28,865
TOTAL (I to II)	**65,113**	**56,965**

Secured Borrowings included in (I) & (II) above is NIL (Previous Year: NIL)

* Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of Rs. 13,906 millions as on 31 March 2013 (Previous year RRs. 11,206 millions).

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Bills payable	5,603	3,681
ii. Inter office adjustments (net)	69	174
iii. Interest accrued	2,205	1,705
iv. Provision against Standard Assets	1,491	1,454
v. Others (including provisions)	14,275	14,107
TOTAL (i to v)	**23,643**	**21,121**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Cash in hand (including foreign currency notes)	5,711	3,865
II. Balances with Reserve Bank of India		
i. In current account	13,736	15,959
ii. In other accounts		
TOTAL (I to II)	**19,447**	**19,824**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. In India		
i) Balances with banks		
a) In current accounts	1,588	1,671
b) In other deposit accounts	67	319
ii) Money at call and short notice		
a) With banks	500	600
b) With others	3,998	4,997
TOTAL (i to ii)	**6,153**	**7,587**
II. Outside India		
i) Balances with banks		
a) In current accounts	649	801
b) In other deposit accounts	-	-
ii) Money at Call and Short Notice		
a) With Banks	2,085	4,094
b) With Others	-	-
TOTAL (i to ii)	**2,734**	**4,895**
GRAND TOTAL (I to II)	**8,887**	**12,482**

SCHEDULE 8 - INVESTMENTS (NET)

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Investments in India		
i) Government securities * $ ^	1,25,117	89,689
ii) Other approved securities	-	-
iii) Shares	590	590
iv) Debentures and bonds	2,712	1,876
v) Subsidiaries/Joint Ventures	21	21
vi) Others (mutual funds, commercial papers and post office deposits) @	54,342	34,979
TOTAL	**1,82,782**	**1,27,155**
II. Investments outside India	**-**	**-**
GRAND TOTAL	**1,82,782**	**1,27,155**
GROSS INVESTMENTS	**1,83,219**	**1,27,505**
Less: Depreciation/Provision for Investments	**(437)**	**(350)**
NET INVESTMENTS	**1,82,782**	**1,27,155**

* Includes Repo lending of Rs. 22,050 millions (Previous year NIL) and Net of Repo borrowings of Rs. 42,453 millions (Previous year Rs. 38,477 millions) under the liquidity adjustment facility in line with Reserve Bank of India requirements.$ Includes securities costing Rs. 1,723 millions (Previous year Rs. 1,365 millions) pledged for margin requirement^ Includes securities costing NIL (Previous year Rs. 1,053 millions) utilised for market repurchase transaction@ Includes deposits with NABARD, NHB and SIDBI of Rs. 31,945 millions (Previous year Rs. 31,490 millions), PTCs of Rs. 18,085 millions (Previous year Rs. 558 millions), Commercial paper of Rs. 1,587 millions (Previous year NIL) and Certificate of deposit of Rs. 2,726 millions (Previous year Rs. 2,932 millions)

SCHEDULE 9 - ADVANCES (Net of Provisions)

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
A. i) Bills purchased and discounted	12,317	12,238
ii) Cash credits, overdrafts and loans repayable on demand	1,48,683	1,12,557
iii) Term loans	1,56,720	1,62,419
TOTAL	**3,17,720**	**2,87,214**
B. i) Secured by tangible assets*	2,94,455	2,53,325
ii) Covered by Bank/Government guarantees	1,157	1,586
iii) Unsecured	22,108	32,303
TOTAL	**3,17,720**	**2,87,214**
*** Includes advances secured against book debts**		
C. I ADVANCES IN INDIA		
i) Priority sector	1,09,524	94,940
ii) Public sector	368	36
iii) Banks	43	28
iv) Others	2,07,785	1,92,210
II ADVANCE OUTSIDE INDIA	**-**	**-**
TOTAL	**3,17,720**	**2,87,214**

SCHEDULE 10 - FIXED ASSETS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Premises		
i) At cost as on March 31 of preceding year (31 March 2013: includes revaluation)	4,096	4,090
ii) Additions during the year	-	9
	4,096	4,099
iv) Deductions during the year	-	(2)
v) Depreciation to date	(441)	(387)
I A. Capital work in progress	-	-
TOTAL	**3,655**	**3,710**
II. Other Fixed Assets (Including Furniture and Fixtures)		
i) At cost as on March 31 of the preceding year	5,038	4,572
ii) Additions during the year	464	517
	5,502	5,089
iii) Deductions during the year	(76)	(51)
iv) Depreciation to date	(4,401)	(4,003)
II A. Capital work in progress	159	106
TOTAL	**1,184**	**1,141**
III. Lease Fixed Assets		
i) At cost as on March 31 of the preceding year	1,541	1,541
ii) Additions during the year	-	-
	1,541	1,541
iii) Deductions during the year	-	-
iv) Depreciation to-date	(1,456)	(1,436)
v) Add: Lease adjustment account	310	290
vi) Less: Provision / Write off of non performing assets	(238)	(238)
TOTAL	**157**	**157**
GRAND TOTAL (I to III)	**4,996**	**5,008**

SCHEDULE 11 - OTHER ASSETS

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I Inter Office Adjustment (Net)	-	-
II. Interest Accrued	2,653	2,248
III. Tax Paid in Advance and Tax deducted at source (Net)	1,667	1,366
IV. Stationery and Stamps	14	9
V. Non Banking Assets acquired in satisfaction of claims (Net)	-	-
VI. Others #	10,198	14,532
TOTAL	**14,532**	**18,155**

SCHEDULE 12 - CONTINGENT LIABILITIES

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
I. Claims against the bank not acknowledged as debts	-	2
II. Liability for partly paid investments	-	-
III. Liability on account of Outstanding Foreign Exchange Contracts *@	8,14,216	8,34,728
IV. Liability on account of Outstanding Derivative Contracts *@	2,99,279	3,06,173
V. Guarantees given on behalf of constituents	-	-
a) In India	76,139	54,539
b) Outside India	6,164	9,744
VI. Acceptances, Endorsements and Other Obligations	18,886	17,801
VII. Other items for which the bank is contingently liable	982	1,061
TOTAL	**12,15,666**	**12,24,048**

* Represent notional amounts@ Long term forward exchange contracts amounting to Rs. 8,598 millions (Previous year Rs. 7,460 millions) are managed as derivatives and accordingly reflected under liability on account of derivative contracts.

SCHEDULES TO THE SOLO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

SCHEDULE 13 - INTEREST EARNED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Interest/Discount on advances/bills	35,498	28,678
ii. Income on investments	13,066	9,819
iii. Interest on balances with RBI and other inter bank funds	18	6
iv. Others (	34	65
TOTAL	**48,616**	**38,568**

SCHEDULE 14 - OTHER INCOME

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Commission, Exchange and Brokerage	4,794	4,690
ii. Profit/ (Loss) on sale of investments (net)	308	123
iii. Profit/ (Loss) on revaluation of investments (net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other assets (net)	(1)	8
v. Profit/ (Loss) on Exchange/ Derivative transactions (net)	1,680	1,471
vi. Income earned by way of dividends etc.from subsidiaries/companies and joint ventures abroad/in India	9	10
vii. Lease income		
Add: Lease Equalisation	20	20
Less: Depreciation	(20)	(20)
viii. Miscellaneous income #	479	396
TOTAL	**7,269**	**6,698**

* Includes recovery from written off accounts amounting to Rs. 124 millions (Previous year Rs. 256 millions)

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Interest on Deposits	25,791	21,530
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	3,927	2,467
iii. Others (including interest onTier II Bonds)	3,512	2,487
TOTAL	**33,230**	**26,485**

SCHEDULE 16 - OPERATING EXPENSES

(Rs. in millions)

PARTICULARS	31 March 2013	31 March 2012
i. Payments and Provisions for Employees	7,507	6,510
ii. Rent, Taxes and Lighting	1,100	978
iii. Printing and Stationery	134	130
iv. Advertisement and Publicity	58	44
v. Depreciation on Bank's Property	510	498
vi. Director's Fees, Allowances and Expenses	5	5
vii. Auditors' Fees and Expenses (Including Branch Auditors Fees and Expenses)	7	6
viii. Law Charges	29	31
ix. Postage,Telegrams,Telephones	235	214
x. Repairs and Maintenance	327	313
xi. Insurance	317	306
xii. Other expenditure	2,499	2,067
TOTAL	**12,728**	**11,102**

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

1. BACKGROUND

ING Vysya Bank Limited ("the Bank") was incorporated on 29 March 1930 and is headquartered in Bangalore. Subsequent to the acquisition of stake in the Bank by ING Group N.V. in August 2002, the name of the Bank was changed from "Vysya Bank Limited" to "ING Vysya Bank Limited". It is a banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

3. USE OF ESTIMATES

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

4. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a. Income and expenditure is accounted for on an accrual basis except as stated below:

Interest on advances, securities and other assets classified as non-performing assets/ securities is recognized on realization in accordance with the guidelines issued by the RBI.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognized at the inception of the loan.

b. Income on assets given on lease

Finance income in respect of assets given on lease is accounted based on the interest rate implicit in the lease in accordance with the guidance note issued by the ICAI in respect of leases given up to 31 March 2001 and in accordance with AS 19 – "Leases" in respect of leases given from 1 April 2001.

c. Sale of investments

Realized gains on investments under Held To Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

d. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

e. Interest income on investments in PTCs is recognized at their effective interest rate.

f. Commission on guarantees and letters of credit issued are amortised on a straight-line basis over the period of the respective guarantees / letters of credit.

g. Arrangership /syndication fee is accounted for on completion of the agreed service and when right to receive is established.

h. Dividend is accounted on an accrual basis when the right to receive the dividend is established.

5. FOREIGN EXCHANGE TRANSACTIONS

a. Transactions denominated in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

b. Monetary assets and liabilities denominated in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the balance sheet date as notified by Foreign Exchange Dealers Association of India ("FEDAI") and resulting gains/losses are recognised in the profit and loss account.

c. Outstanding foreign exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/ loss on revaluation is included in the profit and loss account.

d. Contingent liabilities denominated in foreign currencies are disclosed on the balance sheet date at the rates notified by FEDAI.

6. DERIVATIVE TRANSACTIONS

Derivative transactions comprise long term forward contracts, interest rate swaps, currency swaps, currency and cross currency options to hedge on-balance sheet assets and liabilities or to take trading positions.

Derivative transactions designated as "Trading" are Marked to Market ("MTM") with resulting gains/losses included in the profit and loss account. Derivative transactions designated as "Hedge" are accounted for on an accrual basis.

Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through the profit and loss account.

7. INVESTMENTS

For presentation in the Balance sheet, investments (net of provisions) are classified under the following heads – Government securities, Other approved securities, Shares, Debentures and Bonds, Subsidiaries and Joint Ventures and Others, in accordance with the Third Schedule to the Banking Regulation Act, 1949.

Acquisition cost:

In determining acquisition cost of an investment:

- Brokerage, commission, etc. paid at the time of acquisition, are charged to profit and loss account.
- Cost of investments is based on the weighted average cost method.

Valuation of Investments:

Valuation of investments is undertaken in accordance with the "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI. For the purpose of the valuation, the Bank's investments are classified into three categories, i.e. 'Held to Maturity', 'Held for Trading' and 'Available for Sale' at the time of their purchase:

a. **"**Held to Maturity" (HTM) comprises securities acquired by the Bank with the intention to hold them upto maturity. With the issuance of RBI Circular No. DBOD.BP.BC.37/21/04/141/2004-05 dated 2 September 2004, the investment in SLR securities under this category is permitted to a maximum of 25% of Demand and Time Liabilities.

b. "Held for Trading" (HFT) comprises securities acquired by the Bank principally for resale within 90 days from the date of purchase. i.e. to benefit from short-term price/interest rate movements.

c. "Available for Sale" (AFS) securities are those, which do not qualify for being classified in either of the above categories.

d. Transfer of securities between categories of investments is accounted for at the acquisition cost / book value / market value on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is fully provided for.

Valuation of investments is undertaken as under:

a. For investments classified as HTM, excess of cost over face value is amortized over the remaining period of maturity on a straight line basis. The discount, if any, being unrealised is ignored. Provisions are made for diminutions other than temporary in the value of such investments.

b. Investments classified as HFT and AFS are revalued at monthly intervals as per RBI and FIMMDA valuation norms. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

c. In the event provisions created on account of depreciation in the "Available for sale" or "Held for trading" categories are found to be in excess of the required amount in any year, such excess is recognised in the profit and loss account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve account in accordance with RBI guidelines after adjusting for income tax and appropriation to statutory reserve.

d. The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA. Special bonds such as Oil bonds, Fertiliser bonds etc. which are directly issued by Government of India ('GOI') that do not qualify for SLR are also valued by applying the mark up above the corresponding yield on GOI securities. Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Rs. 1 as per the RBI guidelines. Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, Commercial papers and Certificates of Deposit being discounted instruments, are valued at carrying cost.

REPO and Reverse REPO transactions conducted under LAF with RBI are accounted for on an outright sale and outright purchase basis respectively in line with RBI guidelines. The cost/income of the transactions upto the year end is accounted for as interest expense/income. However, in case of reverse REPO, the depreciation in value of security compared to original cost is provided for. Market REPO and Reverse REPO transactions are accounted as collateralised borrowings and lending respectively.

The Bank follows settlement date method of accounting for purchase and sale of investments.

Disposal of investments:

Profit / loss on sale of investments under the aforesaid three categories is taken to the profit and loss account. The profit from sale of investment under HTM category, net of taxes and transfers to statutory reserve is appropriated from profit and loss account to "Capital Reserve" in accordance with the RBI Guidelines.

8. ADVANCES

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs and provisions in lieu of diminution in the fair value of restructured assets. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI.

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and also encourage banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories, and the provisioning done is higher than the minimum prescribed under RBI guidelines.

As per RBI guidelines, a general provision at the rate of 0.40% is made on all the standard advances except for the following where provision is made at different rates

a) at 0.25% for loans to Small and Micro Enterprises and direct agricultural advances; and

b) at 1.00% on Commercial Real Estate (CRE) sector.

c) at 2.00% on housing loans at teaser rates.

d) at 2.75% on restructured advances in the first two years from date of restructuring.

Provision towards standard assets is shown separately in the Balance Sheet under Schedule-5 – “Other liabilities and Provisions”.

For restructured/rescheduled assets, provision is made for diminution in the fair value of the assets in accordance with the guidelines issued by RBI.

9. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost less accumulated depreciation, with the exception of premises, which were revalued as at 31 December 1999, based on values determined by approved valuers.

Cost includes cost of purchase of the asset and all other expenditure in relation to its acquisition and installation and includes taxes (excluding service tax), freight and any other incidental expense incurred on the asset before it is ready for commercial use.

Office Equipment (including Electrical and Electronic equipment, Computers, Vehicles and other Office Appliances) are grouped under Other Fixed Assets.

a. Depreciation on Premises is charged on straight line basis at the rate of 1.63% upto 31 March 2002 and at 2% with effect from 1 April 2002.

b. Additional depreciation on account of revaluation of assets is deducted from the current year’s depreciation and adjusted in the Revaluation Reserve account.

Depreciation on the following items of Fixed Assets is charged over the estimated useful life of the assets on a straight line basis. The rates of depreciation are:

i. Electrical and Electronic equipment – 20%

ii. Furniture and Fixtures – 10%

iii. Vehicles – 20%

iv. Computers and Software – 33.33%

v. ATMs and VSAT equipment – 16.66%

vi. Improvements to leasehold premises – amortised over the shorter of primary period of lease or estimated useful life of such assets, which is currently estimated at 6 years.

Depreciation on Leased Assets is provided on WDV method at the rates stipulated under Schedule XIV to the Companies Act, 1956.

Software whose actual cost does not exceed Rs. 100,000 and other items whose actual cost does not exceed Rs. 10,000 are fully depreciated in the year of purchase.

Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the date of disposal.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Profits on sale of fixed assets is first credited to profit and loss account and then appropriated to capital reserve, net of taxes and appropriation to statutory reserve.

10. IMPAIRMENT OF ASSETS

In accordance with AS 28 – Impairment of Assets, the Bank assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the cash generating unit. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to a maximum of depreciated historical cost.

11. NON-BANKING ASSETS

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

13. EMPLOYEES' STOCK OPTION SCHEME

The Employee Stock Option Schemes provide for the grant of equity shares of the Bank to its employees. The Schemes provide that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Compensation cost is

measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

14. EMPLOYEE BENEFITS

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Bank makes specified monthly contributions towards employee provident fund and employee superannuation fund, which are defined contribution plans, to the funds set up by the Bank for the purpose and administered by a board of trustees. The Bank's contribution is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

Defined benefit plans

The Bank's pension and gratuity benefit schemes are defined benefit plans. The Bank's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation of the Bank's obligation is performed annually by a qualified actuary using the projected unit credit method.

The Bank recognises all actuarial gains and losses arising from defined benefit plans immediately in the profit and loss account. All expenses related to defined benefit plans are recognised in employee benefits expense in the profit and loss account. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss account on a straight-line basis over the average period until the benefits become vested.

The Bank recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated Absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since compensated absence do not fall due wholly within twelve months after the end of period in which the employees render the related service and also are not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified a long – term employee benefit. The Bank records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

15. LEASE TRANSACTIONS

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss Account on a straight line basis over the lease term in accordance with the AS-19, Leases, issued by the ICAI.

16. TAXES ON INCOME

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

The Bank offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

17. NET PROFIT/(LOSS)

Net profit / (loss) disclosed in the profit and loss account is after considering the following:

- Provision/ write off of non-performing assets as per the norms prescribed by RBI;
- Provision for income tax and wealth tax;
- Depreciation/ write off of investments; and
- Other usual, necessary and mandatory provisions, if any.

18. EARNINGS PER SHARE ("EPS")

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, Earnings Per Share, issued by the ICAI. Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

19. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Such provisions are not discounted to present value. A disclosure for a contingent liability is made when there is a possible obligation, or a present obligation where outflow of resources is not probable. Where 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 resource would be required to settle the obligation, the provision is reversed. The Bank does not account for or disclose contingent assets, if any.

20. SEGMENT INFORMATION

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organization structure, the internal business reporting system and the guidelines prescribed by RBI(vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18 2007). The Bank operates in the following segments:

(a) Treasury

The treasury segment includes the net interest earnings on investments of the Bank in sovereign bonds, corporate debt, mutual funds etc, income from trading, income from derivative and foreign exchange operations and the central funding unit.

(b) Retail banking

The retail banking segment constitutes the business with individuals and small businesses through the branch network and other delivery channels like ATM, Internet banking etc. This segment raises deposits from customers, makes loans and provides fee based services to such customers. Exposures are classified under retail banking broadly taking into account the orientation criterion, the nature of product and exposures which are not exceeding Rs. 50 millions and in respect of customers where average turnover in the last 3 years does not exceed Rs. 500 millions. Revenue of the retail banking segment includes interest earned on retail loans, fees and commissions for banking and advisory services, ATM Fees etc. Expenses of this segment primarily comprise interest expense on the retail deposits, personnel costs, premises and infrastructure expenses of the branch network and other delivery channels, other direct overheads and allocated expenses.

(c) Wholesale banking

The Wholesale banking segment provides loans and transaction services to large corporate, emerging corporate, institutional customers and those not classified under Retail banking. Revenue of the Wholesale banking segment includes interest and fees earned on loans to customers falling under this segment, fees from trade finance activities and cash management services, advisory fees and income from foreign exchange and derivatives transactions. The principal expenses of the segment consist of personnel costs, other direct overheads and allocated expenses.

(d) Other Banking Operations

All Banking operations that are not covered under the above three segments.

(e) Unallocated

All items of which cannot be allocated to any of the above are classified under this segment. This also includes capital and reserves, debt classifying as tier I or tier II capital and other unallocable assets and liabilities.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue reduced by interest expense, operating expenses and provisions, if any, for that segment. Inter-segment revenue represents the transfer price paid/received by the central funding unit. For this purpose the present internal funds transfer pricing mechanism has been followed which calculates the charge based on yields benchmarked to an internally developed yield curve, which broadly tracks certain agreed market benchmark rates. Segment-wise income and expenses include certain allocations. The Retail banking and Wholesale banking segments allocate costs among them for the use of branch network etc. Operating costs of the common/shared segments are allocated based on agreed methodology which estimate the services rendered by them to the above four segments.

(f) Geographic segments

As the Bank operates only in the domestic segment in India, there are no other geographic segments.

18 NOTES TO ACCOUNTS

18.1 Employee stock option scheme

ESOS 2005

The employee stock option scheme ("ESOS 2005" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 27 July 2005 and by shareholders at the Annual General Meeting held on 22 September 2005. A total of 893,264 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of four years from the date of grant i.e. 25% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. The board level committee in their meeting dated 25 October 2007 approved the grant of options under ESOS 2005 loyalty options scheme.

The movements in ESOS 2005 during the year ended 31 March 2013 and 31 March 2012 are as under:

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs.)	Number of Options	Weighted Average Exercise Price |(In Rs.)
Options outstanding at the beginning of year	**220,059**	**174.05**	**263,419**	**172.98**
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	95,308	166.51	35,660	165.15
Less: Forfeited / lapsed during the year	6,893	170.70	7,700	178.70
Options outstanding at the end of year	**117,858**	**180.34**	**220,059**	**174.05**

ESOS 2007

The employee stock option scheme ("ESOS 2007" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 7 March 2007 and by the shareholders through postal ballot meeting held on 11 May 2007. A total of 7,800,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2007 during the year ended 31 March 2013 and 31 March 2012 are as under:-

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs.)	Number of Options	Weighted Average Exercise Price (In Rs.)
Options outstanding at the beginning of year	**5,088,280**	**257.43**	**6,065,000**	**250.02**
Add: Granted during the year	18,000	414.25	70,000	290.50
Less: Exercised during the year	2,955,930	252.65	843,470	200.41
Less: Forfeited / lapsed during the year	49,450	285.21	203,250	284.43
Options	**2,100,900**	**264.84**	**5,088,280**	**257.43**

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs.)	Number of Options	Weighted Average Exercise Price (In Rs.)
outstanding at the end of year				

ESOS 2010

The employee stock option scheme ("ESOS 2010" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 29 April 2010 and by the shareholders at the AGM held on 1 July 2010. A total of 11,500,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2010 during the year ended 31 March 2013 and 31 March 2012 are as under:-

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of Options	Weighted Average Exercise Price (In Rs.)	Number of Options	Weighted Average Exercise Price (In Rs)
Options outstanding at the beginning of year	**6,745,225**	**340.83**	**3,595,500**	**358.78**
Add: Granted during the year	4,146,000	365.30	3,554,975	323.37
Less: Exercised during the year	1,678,255	342.49	-	-
Less: Forfeited / lapsed during the year	621,590	348.05	405,250	346.95
Options outstanding at the end of year	**8,591,380**	**351.80**	**6,745,225**	**340.83**

Details of exercise price and remaining contractual life of options

The details of exercise price and remaining contractual life of stock options outstanding as at 31 March 2013 are:

Scheme	Exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2005 Tranche I	124	8,688	1.32	124
ESOS 2005 (Loyalty Options)	184.82	109,170	1.22	184.82
ESOS 2007	134.70 - 568.05	2,100,900	3.00	264.84
ESOS 2010	322.55 - 403.95	8,591,380	5.44	351.80

The details of exercise price and remaining contractual life of stock options outstanding as at 31 March 2012 are:

Scheme	Exercise price In Rs)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs)
ESOS 2005 Tranche I	92.59 - 136.47	38,004	2.13	122.45
ESOS 2005 (Loyalty Options)	184.82	182,055	2.10	184.82
ESOS 2007	114.20 - 380.40	5,088,280	3.64	257.43
ESOS 2010	322.55 - 403.95	6,745,225	5.70	340.83

The weighted average share price for all options exercised during the year was Rs. 478.00 per share (Previous Year: Rs. 323.83).

All options under each scheme when exercised are settled through issue of equity shares.

Employee Compensation Cost

The Bank follows the intrinsic method for valuing the stock options. The difference between employee compensation cost computed based on such intrinsic value and employee compensation cost that would have been recognized if fair value of options had been used is explained below:

Impact on Profit

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Net profit (as reported)	6,130	4,563
Add: Stock-based employee compensation expense included in net income	(0)	(1)
Less: Stock-based compensation expense determined under fair value based method (proforma)	413	330
Net profit (proforma)	**5,717**	**4,232**

Impact on Earnings per share

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Declared in the financial Statements		
Basic (Rs.)	40.36	31.85
Diluted (Rs.)	39.29	31.54
Revised EPS		
Basic (Rs.)	37.64	29.54
Diluted (Rs.)	36.64	29.26

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Risk free interest rate**	6.55% - 6.68%	7.72% - 7.74%	5.35% - 9.25%	6.49% - 8.38%
Expected Life (excluding vesting period)	1 Year	1 Year	1 Year	1 Year
Expected Volatility	31.62%	45.23%	23.68% - 51.58%	23.68% - 38.72%
The price of the underlying share in market at the time of option grant (as per NSE)	162.6	262.60	134.70 - 568.05	322.55 - 403.95

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
(Rs.)				

The Black-Scholes Model is used to calculate a theoretical call price (ignoring dividends paid during the life of the option) using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.

** Risk free interest rate is taken from the rates given by Fixed Income Money Market and Derivatives Association of India (FIMMDA) for Government securities.

The call option values under Black- Scholes Model for option valuation under different schemes for outstanding options as on 31 March 2013 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Option price at the date of grant (Rs.)	75.42 - 82.58	118.92 - 135.34	54.90 - 187.11	71.29 - 160.94
Weighted average Fair Value of the options at the date of grant (Rs.)	79.49	129.59	110.43	109.91

18.2 Employee benefits

Provident fund plan

The Bank has a defined contribution plan in respect of provident fund. The contribution to the employees provident fund amounted to Rs. 141 millions for the year ended 31 March 2013 (Previous year Rs. 124 millions).

Gratuity, Pension and Leave Benefit plans

The Bank has defined benefit plans in respect of Gratuity, Pension and Leave Encashment. The Gratuity and Pension schemes are funded out of Trust fund set up separately for this purpose.

Reopening of Pension Option and amendment to the Payment of Gratuity Act, 1972

During the year 2010-2011, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result, the Bank incurred an additional liability of Rs. 1,217 millions being Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 930 millions on account of II Pension Option to existing employees.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of Rs. 1,217 millions was required to be charged to the profit and loss Account. However, the Reserve Bank of India vide their letter dated 8 April 2011 ("the RBI Letter") on Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, permitted the Bank to amortise the additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier over a period of five years beginning with the financial year ending 31 March 2011 subject to a minimum of 1/5th of the total amount involved every year.

Accordingly, the Bank during the year 2010-11 charged the full impact of Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 186 millions representing one-fifth of the full impact of II Pension Option to the existing employees as required by the RBI letter.

During the current year, the Bank has provided Rs. 186 millions (Previous year Rs. 186 millions) representing one-fifth of the full impact of II Pension Option to the existing employees. In terms of the requirements of the RBI Letter, the balance impact of Rs. 372 millions on account of II Pension Option to existing employees shall be provided over the next two years.

Had the RBI Letter not been issued, the profit of the Bank in the current year would have been lower

by Rs. 372 millions (Previous year Rs. 558 millions) pursuant to application of the requirements of Revised AS 15.

Disclosures under AS -15

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

Profit and Loss account: - Net employee benefit expense (recognized in Payment and provision for Employees)

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
1. Current service cost	68	98	252	259
2. Interest cost on benefit obligation	89	81	277	300
3. Expected return on plan assets	(98)	(73)	(240)	(217)
4. Net actuarial (gain)/ loss recognized in the year	51	76	396	44
5. Past service cost	-	-	-	-
6. Net expenses (1+2+3+4+5)	110	182	685**	386**
Actual return on plan assets	**95**	**84**	**239**	**231**

** Excludes Rs. 186 millions representing one-fifth of the full impact of Rs. 930 millions on account of II Pension Option to the existing employees.

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
1. Current service cost	28	28	30	29
2. Interest cost on benefit obligation	35	39	21	20
3. Net actuarial (gain)/ loss recognized in the year	(5)	(76)	(5)	(19)
4. Past service cost	-	-	-	-
5. Net expenses (1+2+3+4)	58	(9)	46	30

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Present value of obligation	1,234	1,113	3,973	3,642
Fair value of plan assets	(1,124)	(931)	(2,700)	(2,358)
Liability (Assets)	111	182	1,273	1,284
Liability (Asset) recognized in the Balance Sheet	111	182	1,273	1,284

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Present value of obligation	484	426	295	249
Fair value of plan assets	-	-	-	-
Liability (Assets)	484	426	295	249
Liability (Asset) recognized in the	484	426	295	249

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Balance Sheet				

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Opening defined benefit obligation	1,113	965	3,642	3,684
Interest cost	89	81	277	300
Current service cost	68	98	252	259
Past service cost	-	-	-	-
Benefits paid	(85)	(117)	(593)	(659)
Actuarial (gains) / losses on obligation	49	87	395	58
Closing defined benefit obligation	1,234	1,114	3,973	3,642

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Opening defined benefit obligation	426	435	249	219
Interest cost	35	39	21	20
Current service cost	28	28	30	29
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	(5)	(76)	(5)	(19)
Closing defined benefit obligation	484	426	295	249

Changes in the fair value of plan assets are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Opening fair value of plan assets	931	608	2,359	2,215
Expected return	98	73	240	217
Contributions by employer	182	356	695	571
Benefits paid	(85)	(117)	(593)	(659)
Actuarial gains / (losses)	(2)	11	(1)	14
Closing fair value of plan assets	1,124	931	2,700	2,359

Experience adjustments:

(Rs. in millions)

Particulars	Gratuity			
	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	1,234	1,113	965	669
Plan assets	1,124	931	608	689
(Surplus) / deficit	111	182	357	(21)
Experience adjustments on plan liabilities	(2)	102	85	(36)
Experience adjustments on plan assets	(2)	11	(5)	14

(Rs. in millions)

Particulars	Pension

	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	3,973	3,642	3,684	2,046
Plan assets	2,700	2,359	2,215	1,255
(Surplus) / deficit	1,273	1,284	1,469	791
Experience adjustments on plan liabilities	118	258	2,257	193
Experience adjustments on plan assets	(1)	14	908	(0)

(Rs. in millions)

Particulars	Leave encashment and availment			
	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligations	779	674	654	554
Plan assets	-	-	-	-
(Surplus) / deficit	779	674	654	554
Experience adjustments on plan liabilities	(24)	(63)	36	(31)
Experience adjustments on plan assets	-	-	-	-

The above data on experience adjustments is disclosed to the extent of the relevant information is available in the valuation reports.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: -

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Investments with insurer	100%	100%	100%	100%
Investment in Government/ PSU bonds/securities	-	-	-	-

Principal assumptions used in determining gratuity, pension & leave encashment obligations for the Bank's plans are shown below: -

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Discount rate (%) p.a.	8.30	8.90	8.27	8.94
Expected rate of return on assets (%)	9.50	9.50	9.50	9.50
Employee turnover % p.a	1(IBA), 25(CTC), 71 (Others)	1 (IBA), 28 (CTC), 55(Others)	1 (IBA)	1 (IBA)
Salary Escalation Rate	3.5% p.a(IBA), 9% p.a(CTC), 9% p.a (Others)	3%p.a(IBA), 12% p.a(CTC), 12%p.a (Others)	3.5%p.a	3%p.a

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Discount rate (%) p.a.	8.27	8.94	8.30	8.90
Expected rate of return on assets	N.A.	N.A.	N.A.	N.A.

Particulars	Gratuity		Pension	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
(%)				
Employee turnover % p.a.	1 (IBA)	1 (IBA)	1 (IBA), 25 (CTC)	1 (IBA), 28 (CTC)
Salary Escalation Rate	3.5% p.a (IBA)	3%p.a (IBA)	3.5% p.a (IBA), 9% p.a (CTC)	3%p.a (IBA) 12%p.a (CTC)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

With respect to defined benefit plans, the Bank is yet to determine the contributions expected to be paid to the plans during the annual period beginning 1 April 2013.

18.3 Provisions and contingencies debited to the profit and loss account include

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Provision for income tax (including deferred tax)	2,882	1,976
Provision for wealth tax	2	2
Provision/ write off of non performing advances	843	807
Depreciation/ write off (write back) of investments (net)	87	(4)
Provision for standard assets	37	289
Provision for restructured advances	(95)	(18)
Others *	41	63
Total	**3,797**	**3,115**

*Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.4 Provisions for income taxes during the year

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Provision for income tax	2,882	1,976
a) Current tax for the year	2,769	1,847
b) Deferred tax for the year	113	129

During the year ended 31 March 2012, the entire Special Reserve amount of Rs. 587 millions created under Section 36 (1) (viii) of the Indian Income Tax Act, 1961 (including Rs. 140 millions transferred during the year ended 31 March 2012) was treated as a deduction in the computation of provision for Income Tax. This resulted in one time reduction in tax expense by Rs. 145 millions for 2011-12.

18.5 Investments

18.5.1 Value of Investments

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Gross value of Investments		
a. In India	183,219	127,505
b. Outside India	-	-
Provisions for depreciation		
a. In India	137	49

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
b. Outside India	-	-
Provision for Non –Performing Investments		
a. In India	300	300
b. Outside India	-	-
Net value of Investments		
a. In India	182,782	127,155
b. Outside India	-	-

18.5.2 Movement of provisions held towards depreciation on investments

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	350	354
Add: Provisions made during the year	110	-
Less: Write-off/write-back of excess provisions during the year	23	4
Closing balance	437	350

18.5.3 Issuer composition of non SLR investments

The details relating to issuer composition of non- SLR investments as at 31 March 2013 are as follows:

(Rs. in millions)

Issuer	Amount	Extent of private placement (Note 3)	Extent of 'below investment grade' securities	Extent of 'unrated' securities (Note 2 & 4)	Extent of 'unlisted' securities (Note 2)
Public sector undertakings	1,553	33	-	-	-
Financial Institutions	32,445	32,445	-	-	-
Banks	2,726	-	-	-	2,726
Private Corporates	3,136	3,136	300	965	3,055
Subsidiaries/ Joint Ventures	21	21	-	-	21
Others (Note 1)	18,214	18,214	-	-	18,214
Provision held towards depreciation	(429)	-	-	-	-
Total	**57,666**	**53,849**	**300**	**965**	**24,016**

1. Includes investments in Pass through certificates where the exposure is considered towards ultimate obligator/borrower.
2. Deposits with NABARD, SIDBI and NHB have not been considered for the purpose of this disclosure.
3. Securities received as part of Corporate Debt restructuring have been considered under private placement.
4. Does not include equity shares.

The details relating to issuer composition of non- SLR investments as at 31 March 2012 are as follows:

(Rs. in millions)

Issuer	Amount	Extent of private placement (Note 4)	Extent of 'below investment grade' securities	Extent of 'unrated' securities (Note3 & 5)	Extent of 'unlisted' securities (Note 2 & 3)
Public sector undertakings	1,630	38	-	-	-
Financial Institutions	31,490	31,490	-	-	-

Issuer	Amount	Extent of private placement (Note 4)	Extent of 'below investment grade' securities	Extent of 'unrated' securities (Note3 & 5)	Extent of 'unlisted' securities (Note 2 & 3)
Banks	2,932	-	-	-	2,932
Private Corporates	1,140	1,140	300	806	811
Subsidiaries/ Joint Ventures	21	21	-	-	21
Others (Note 1)	576	576	-	-	576
Provision held towards depreciation	(324)	-	-	-	-
Total	37,465	33,265	300	806	4,340

1. Includes investments in Pass through certificates where the exposure is considered towards ultimate obligator/borrower.
2. Does not include bonds of Magma Fincorp Ltd. Allotted on 30 March 2012 which is under process of listing on BSE.
3. Deposits with NABARD, SIDBI & NHB have not been considered for the purpose of this disclosure.
4. Securities received as part of Corporate Debt restructuring have been considered under private placement.
5. Does not include Equity Shares.

18.5.4 Non-performing non SLR investments

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	300	300
Additions during the year	-	-
Reduction during the year	-	-
Closing balance	300	300
Total provisions held	300	300

18.5.5 Repo transactions

The details relating to repo transactions (in face value terms) during the year ended 31 March 2013 are as follows:

(Rs. in millions)

Issuer	Minimum outstanding during the year *	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2013
Securities sold under repos #	2,100	57,750	41,612	44,100
Government securities	2,100	57,750	41,612	44,100
Corporate debt securities	-	-	-	-
Securities purchased under reverse repos	50	22,050	2,992	22,050
Government securities	50	22,050	2,992	22,050
Corporate debt securities	-	-	-	-

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

\# Includes LAF transactions with RBI which is inclusive of margin.

The details relating to repo transactions (in face value terms) during the year ended 31 March 2012 are as follows:

(Rs. in millions)

Issuer	Minimum outstanding during the year *	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2012
Securities sold under repos #	2,100	41,738	24,244	39,693
Government securities	2,100	41,738	24,244	39,693
Corporate debt securities	-	-	-	-
Securities purchased under reverse repos	50	200	88	-
Government securities	50	200	88	-
Corporate debt securities	-	-	-	-

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

\# Includes LAF transactions with RBI which is inclusive of margin.

18.6 Advances

18.6.1 Information with respect to loan assets subjected to restructuring

(Rs. in millions)

S. No	Type of Restructuring ➔		➔Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
	Asset Classification ➔ / Details		Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No.of borrowers	11	-	1	12	-	-	-	-	12	2	8	22	23	2	9	34
		Amt. Outstanding	3,332	-	381	3,714	-	-	-	-	174	64	456	694	3,507	64	837	4,408
		Provision thereon	164	-	-	164	-	-	-	-	2	0	2	4	166	0	2	168
2	Fresh restructuring during the year	No.of borrowers	3	-	-	3	-	-	-	-	-	-	-	-	3	-	-	3
		Amt. Outstanding	493	-	-	493	-	-	-	-	-	-	-	-	493	-	-	493
		Provision thereon	31	-	-	31	-	-	-	-	-	-	-	-	31	-	-	31
3	Upgradations to restructured standard category during the FY	No.of borrowers	1	-	(1)	-	-	-	-	-	-	-	-	-	1	-	(1)	-
		Amt. Outstanding	407	-	(381)	26	-	-	-	-	-	-	-	-	407	-	(381)	26
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No.of borrowers	(4)	-	-	(4)	-	-	-	-	(11)	(1)	-	(12)	(15)	(1)	-	(16)
		Amt. Outstanding	(1,407)	-	-	(1,407)	-	-	-	-	(164)	(3)	-	(167)	(1,572)	(3)	-	(1,574)
		Provision thereon	(93)	-	-	(93)	-	-	-	-	(1)	(0)	-	(1)	(94)	(0)	-	(94)
5	Downgradations of restructured accounts during the FY	No.of borrowers	-	-	-	-	-	-	-	-	-	(1)	1	-	-	(1)	1	-
		Amt. Outstanding	-	-	-	-	-	-	-	-	-	(61)	61	(0)	-	(61)	61	(0)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No.of borrowers	-	-	-	-	-	-	-	-	-	-	(1)	(1)	-	-	(1)	(1)
		Amt. Outstanding	-	-	-	-	-	-	-	-	-	-	(86)	(86)	-	-	(86)	(86)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured	No.of	11	-	-	11	-	-	-	-	1	-	8	9	12	-	8	20

S. No	Type of Restructuring ➔		➔Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
	Asset Classification ➔ / Details		Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total
	Accounts as on March 31 of the FY (closing figures*)	borrowers																
		Amt. Outstanding	2,704	-	-	2,704	-	-	-	-	9	-	427	436	2,713	-	427	3,140
		Provision thereon	71	-	-	71	-	-	-	-	0	-	-	0	72	-	-	72

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

18.6.2 Concentration of advances*

(Rs. in millions)

Particulars	31 March 2013	31 March 2012
Total advances to twenty largest borrowers	90,480	77,498
Percentage of advances to twenty largest borrowers to total advances of the Bank	13.19%	12.68%

* Advances are computed as per the definition of credit exposure including derivatives furnished in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.3/13.03.00/2012-13, dated 2nd July 2012.

18.6.3 Concentration of exposures*

(Rs. in millions)

Particulars	31 March 2013	31 March 2012
Total exposures to twenty largest borrowers / customers	90,480	77,498
Percentage of exposures to twenty largest borrowers / customers to total exposures of the bank on borrowers / customers	12.71%	12.55%

* Exposures is computed based on credit and investment exposure as prescribed in RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.3/13.03.00/2012-13, dated 2nd July 2012.

18.6.4 Concentration of NPAs

(Rs. in millions)

Particulars	31 March 2013	31 March 2012
Total exposure to top four NPA accounts(funded)	1,929	2,081

18.6.5 Sector wise NPAs: Percentage of NPA to total Advances to that sector

Particulars	31 March 2013	31 March 2012
Agriculture and allied activities	3.09%	2.60%
Industry (Micro & small, medium and large)	2.27%	2.11%
Services	0.12%	0.62%
Personal Loans	22.31%	49.79%

18.6.6 Movement of Gross Non Performing Advances

(Rs. in millions)

Particulars	31 March 2013	31 March 2012
Opening Gross NPAs*	**1,495**	**1,554**
Additions (fresh NPAs) during the year	1,939	1,728
Total (A)	**3,434**	**3,282**
Less:-		
(i) Upgradations	1,016	32
(ii) Recoveries (excluding recoveries made from upgraded accounts)	515	1,235
(iii) Write- offs (including technical write offs)	689	520
Total (B)	**2,220**	**1,787**
Closing Gross NPAs* (A-B)	**1,214**	**1,495**

* After considering technical write offs. Gross NPAs before technical write offs – Rs. 5,702 millions (Previous Year – Rs. 5,629 millions).

18.6.7 Movement of Net Non Performing Advances

(Rs. In millions)

Particulars	31 March 2013	31 March 2012
Opening Net NPAs *	**525**	**918**
Additions during the year	97	209
Reductions (including write offs) during the year	531	601
Closing Net NPAs*	**91**	**526**
NPAs to advances (%) #	0.03	0.18
Provisioning Coverage Ratio (%)#	98.40	90.67

* After netting off ECGC claims received and held pending adjustments of Rs. 598 millions (Previous year: Rs. 600 millions).

\# Provision held against the NPA sold of Rs. 51 millions and Rs. 1 millions during the year 2006-07 & 2007-08 respectively has not been reversed to profit and loss account in view of RBI Circular No DBOD.No.BP.BC.16/21.04.048/2005 dated 13 July 2005 and is retained as provision for NPA to be utilized to meet the shortfall / loss on account of sale of other non performing financial assets.

18.6.8 Movement in provisions for Non Performing Advances

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	370	-
Additions during the year	843	890*
Technical write-offs/write backs during the year	689	520
Closing Balance *	**524**	**370**

* Inclusive of amount transferred from Suspense Account - Crystallised Receivables on account of crystallised derivative receivables.

18.6.9 Details of Unsecured Advances:

Under unsecured loans, amount of advances for which intangible securities such as charge over the rights, licenses, authority etc accepted as collaterals is Nil (Previous Year – Nil).

18.6.10 Floating provision

The Bank does not hold any floating provision as at 31 March 2013 (Previous year: Nil).

18.6.11 Provisions on standard asset

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Provision towards standard assets during the year	37	289
Cumulative provision for standard assets as at year end	1,492	1,454

Provisions towards standard assets are included in “Other Liabilities and Provisions” in Schedule 5 to the balance sheet.

18.6.12 Overseas Assets, NPAs and Revenue

There are no overseas assets (Previous year – Nil) and no overseas revenue (Previous year – Nil) during the year ended 31 March 2013.

18.6.13 Purchase/ sale of non performing assets

The Bank did not purchase any non performing assets during the year ended 31 March 2013 (Previous year: Nil).

Details of non performing financial assets sold:

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
No. of accounts sold	1	17
Aggregate outstanding, net of provisions/ write offs (Rs. in millions)	-	-
Aggregate consideration received (Rs. in millions)	17	28

18.6.14 Sale of financial assets to Securitisation / Reconstruction Company for Asset Reconstruction:

The Bank did not sell any financial assets to Securitisation / Reconstruction Company during the year ended 31 March 2013 (Previous Year - NIL).

18.6.15 Off balance sheet SPVs sponsored

There are no off balance sheet SPVs sponsored by the Bank.

18.6.16 (a) Exposure to capital market

(Rs. in millions)

Sl. No.	Particulars	As at 31 March 2013	As at 31 March 2012
(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;	590	590
(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;	2,773	2,431
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by 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;	16	16
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	132	570
(vi)	loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	350
(viii)	underwriting commitments taken up by banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-

Sl. No.	Particulars	As at 31 March 2013	As at 31 March 2012
(ix)	financing to stockbrokers for margin trading;	-	-
(x)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		**3,511**	**3,957**

Point (ii) above includes loans to investment companies amounting to Rs. 2,000 millions (Previous year: Rs. 2,000 millions) secured by bank deposits.

18.6.16 (b) Exposure to real estate sector

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Direct exposure		
(i) Residential mortgages (fully secured)		
of which housing loan responsible for inclusion in priority sector advances.	9,880	9,372
Others	35,815	28,846
(ii) Commercial real estate		
Fund Based	13,464	13,838
Non- Fund Based	848	385
(iii) Investment in mortgage backed securities and other securitised exposures		
a. Residential	392	576
b. Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,213	6,269
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,000	1,000
Total	**73,612**	**60,286**

18.6.17 Prudential exposure limits – quantitative disclosures

a) During the year ended 31 March 2013, the Bank has complied with the Reserve Bank of India guidelines on single borrower and group borrower limit. As per the exposure limits permitted under the extant RBI regulation, the Bank with the approval of the Board of Directors can enhance exposure to a single borrower or group borrower by a further 5% of capital funds, subject to the borrower consenting to the Bank making appropriate disclosures in the Annual Report.

b) During the year ended 31 March 2013, with the prior approval of Board of Directors, the Bank exceeded the single borrower limit of 20% of Capital Funds to Unitech Wireless (Tamilnadu) Pvt. Ltd., Dishnet Wireless Ltd and Telewings Communications Services Pvt. Ltd. The exposure during the year to Unitech Wireless (Tamilnadu) Pvt. Ltd., Dishnet Wireless Ltd and Telewings Communications Services Pvt. Ltd as a percentage of capital funds stood at 22.73% (Previous year: 24.95%), 24.19% and 24.75%, respectively. However, this was within the additional 5% permitted by RBI as per para (a) above.

18.6.18 Risk category wise country exposure

As per the RBI guidelines, the country exposure of the Bank is categorized into various risk categories and depending on the risk category, banks are required to make provision where net funded exposure to any country exceeds 1% of bank's assets. As on the 31 March 2013, the net funded exposure did not exceed 1% of the total assets of the Bank for any country (Previous year – Nil).

18.6.19 Concentration of Deposits

(Rs. in millions)

Particulars	31 March 2013	31 March 2012
Total deposits of twenty largest depositors *	97,349	77,895
Percentage of Deposits of twenty largest depositors to Total deposits of the Bank	23.55%	22.13%

***** Including Certificate of Deposits issued by the Bank.

18.7 Leases

18.7.1 Operating Leases

The Bank has commitments under long-term non-cancellable operating leases primarily for premises. The terms of renewal / purchase options and escalation clauses are consistent with those normally prevalent in such agreements. Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases:

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
Not later than one year	61	55
Later than one year and not later than five years	78	104
Later than five years	-	-
Total minimum lease rental commitments	**139**	**159**

Additionally, the Bank also leases office / branch premises under cancellable operating lease agreements. Total lease rental expenditure under cancellable and non-cancellable operating leases debited to Profit and Loss Account in the current year is 801 millions (Previous year: Rs. 718 millions).

18.7.2 Finance leases

The Bank has not taken any assets under finance leases / hire purchase.

18.8 Deferred taxes

In accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India (ICAI) and notified by Companies Accounting Standard Rules, 2006, provision for taxation for the year is arrived at after considering deferred tax charge of Rs. 113 millions (Previous year deferred tax charge of Rs. 129 millions) for the current year.

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred tax assets		
on account of provisions	834	744
on leave encashment	253	219
on investments	454	664
on pension fund	40	81
Total deferred tax asset	**1,581**	**1,708**

Particulars	As at 31 March 2013	As at 31 March 2012
Deferred tax liabilities		
on depreciation on fixed assets	142	155
on bad debts claim	153	153
Total deferred tax liability	**295**	**308**
Net deferred tax assets	**1,286**	**1,399**

18.9 Intangibles

(Rs. in millions)

Particulars	Gross block				Depreciation / Amortization				Net block
	As at 1 April 2012	Additions	Deletions	As at 31 March 2013	As at 1 April 2012	Charge for the year	Deletions	As at 31 March 2013	As at 31 March 2013
Intangible assets									
Application software*	1,009	129	-	1,138	875	103	-	978	160
Total	**1,009**	**129**	**-**	**1,138**	**875**	**103**	**-**	**978**	**160**
Previous year	**899**	**110**	**-**	**1,009**	**766**	**109**	**-**	**875**	**134**

* forms part of "Other fixed assets" in Schedule 10 to the financial statements.

18.10 Capital (Tier I) raised during the year 2011-12

(a) During the year 2011-12, the Bank raised Tier I capital of Rs. 9,695 millions by way of Qualified Institutions Placement (QIP) and preferential allotment. Pursuant to the resolution passed by the Shareholders of the Bank through postal ballot, as per the results declared on 8 June 2011, the Bank allotted 15,000,014 equity shares of face value of Rs. 10/- each by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIBs) for cash at a price of Rs. 342.09/- and 13,257,349 equity shares of face value of Rs. 10/- each by way of preferential allotment to ING Group for cash at a price of Rs. 344.23/-, to augment the capital adequacy ratio of the Bank.

In relation to this capital raising, the Bank incurred expenses of Rs. 62 millions towards payment of commission to the Book Running Lead Managers which has been adjusted against the Securities Premium Account. However, on account of the restrictions placed by Section 13 of the Banking Regulation Act, 1949 on the quantum of commission that can be paid, the Bank has sought RBI's approval, which is awaited.

(b) During the year 2011-12, dividend appropriation of Rs. 87 millions and dividend tax thereon of Rs. 12 millions represent, dividend and related dividend distribution tax for 2010-11 on the shares issued to Qualified Institutional Buyers and ING Group in June 2011 and shares issued under Employee Stock Options Schemes prior to the record date. This has been appropriated from carried forward profits relating to the previous year as per the shareholder's approval dated 7 September 2011.

18.11 Details of provisions

(Rs. in millions)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening balance	**403**	**405**
Additions during the year	40	87
Reversals during the year	9	89
Amounts utilized	3	0

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Closing Balance	**431**	**403**

The above provisions include provisions made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.12 Off Balance Sheet Items

18.12.1 Derivative contracts

Forward Rate Agreement / Interest Rate Swaps

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
The notional principal of swap agreements	197,961	207,217
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	753	964
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with banks (74.36%)	Predominantly with banks (74%
The fair value of the swap book [asset / (liabilities)]	(405)	(182)

MTM netted off counterparty wise.

Currency Swaps

(Rs. in millions)

Particulars	As at 31 March 2013	As at 31 March 2012
The notional principal of swap agreements	48,767	67,443
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	1,491	4,131
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with Banks (49.1%)	Predominantly with Banks (73%)
The fair value of the swap book [asset / (liabilities)]	999	623

MTM netted off counter party wise.

The Bank enters into derivative contracts such as Interest Rate Swaps ("IRS"), Forward Rate Agreements ("FRA"), Currency Swaps ("CS") and option agreements. Notional amounts of principal outstanding in respect of IRS, FRA and CS as at 31 March 2013 is Rs. 246,728 millions (Previous year Rs. 274,660 millions).

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2013

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	82	32,950	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	80	33,404	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	24	7,000	MIFOR	Fixed Payable vs Floating Receivable
Trading	50	17,500	MIFOR	Fixed Receivable vs Floating Payable
	Total	**90,854**		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Tradin g	106	44,915	NSE MIBOR	Fixed Payable vs Floating Receivable
Tradin g	93	36,674	NSE MIBOR	Fixed Receivable vs Floating Payable
Tradin g	27	9,250	MIFOR	Fixed Payable vs Floating Receivable
Tradin g	44	17,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	**107,839**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2013

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	85	52,650	LIBOR	Fixed Payable vs Floating Receivable
Trading	89	42,062	LIBOR	Fixed Receivable vs Floating Payable
Trading	22	12,681	LIBOR	Floating Receivable vs Floating Payable
Trading	23	4,885	Principal	Fixed Payable
Trading	7	1,768	Principal	Fixed Receivable
Trading	20	6,434	Principal	Fixed Received vs Fixed Paid
Trading	79	7,849	Principal	Principal only Swaps
Hedging	2	3,448	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,224	LIBOR	Fixed Payable vs Floating Receivable
Hedging	2	2,676	Principal	Fixed Received vs Fixed Paid
	Total	**138,677**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	83	52,721	LIBOR	Fixed Payable vs Floating Receivable
Trading	95	51,044	LIBOR	Fixed Receivable vs Floating Payable
Trading	34	29,986	LIBOR	Floating Receivable vs Floating Payable
Trading	28	5,581	Principal	Fixed Payable
Trading	13	1,185	Principal	Fixed Receivable
Trading	15	5,770	Principal	Fixed Received vs Fixed Paid
Trading	41	5,277	Principal	Principal only Swaps
Hedging	2	3,910	LIBOR	Floating Receivable vs Floating Payable
Hedging	4	4,528	LIBOR	Fixed Payable vs Floating Receivable
Hedging	7	6,820	Principal	Fixed Received vs Fixed Paid
	Total	**166,822**		

Foreign currency – Cap & Floor for the year ended 31 March 2013

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	4	5,884	LIBOR	Buy Cap
Trading	3	3,170	LIBOR	Sell Cap
Trading	1	2,714	LIBOR	Sell Floor
Trading	2	5,429	LIBOR	Buy Floor

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
	Total	**17,197**		

Foreign currency – Cap & Floor for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	3	5,329	LIBOR	Buy Cap
Trading	2	2,786	LIBOR	Sell Cap
Trading	1	2,544	LIBOR	Sell Floor
Trading	2	5,088	LIBOR	Buy Floor
	Total	**15,747**		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2013 is Rs. 594 millions (Previous year Rs. 442 millions), which represents the net mark to market profit/(loss) on swap contracts. As at 31 March 2013 the exposure to IRS, CS and FRA contracts is spread across industries. However based on notional principal amount the maximum single industry exposure lies with Banks at 80.50% (Previous year: 80.97%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of Rs. 223 millions (Previous year: Rs. 241 millions) on total Interest Rate Swap trading book including Rupee IRS, FX IRS, CS and FRA. Agreements are with Banks/ Financial Institutions and corporate under approved credit lines.

The fair value of the Option Book as at 31 March 2013 on a net basis is Rs. 117 millions (Previous Year: Rs. 146 millions). As at 31 March 2013 notional outstanding for outstanding option contracts is Rs. 51,732 millions (Previous year: Rs. 33,150 millions).

The fair value of the Exchange traded Options as at 31 March 2013 on a net basis is Rs. (2) millions (Previous year: Rs. (1) millions). As at 31 March 2013 notional outstanding for outstanding Exchange traded option contracts is Rs. 819 millions (Previous year: Rs. 1,635 millions).

As at 31 March 2013 notional outstanding for outstanding Exchange traded currency futures is Rs. 163 millions (Previous year: Rs. 5,606 millions).

18.12.2 Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps

Exchange Traded Interest Rate Derivatives entered during the year ended 31 March 2013 amounts to Rs. NIL (Previous year: Rs. 510 millions). There were no Exchange Traded Forward Rate Agreements and Currency Swaps during the year ended 31 March 2013 (Previous year: Nil).

(Rs. in millions)

S. No.	Particulars	March 31, 2013	March 31, 2012
I	The total notional principal amount of exchange traded interest rate derivatives undertaken during the year,(instrument-wise) (a) 91 days Treasury bill	-	510
II	The total notional principal amount of exchange traded interest rate derivatives outstanding as of Year end, (instrument-wise)	-	-
III	The notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective', as of Year end, (instrument-wise)	-	-
IV	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective', as of Year end, (instrument-wise)	-	-

18.12.3 Risk exposure on derivatives

The Bank currently deals in various derivative products, i.e., Rupee and Foreign Currency Interest Rate Swaps, Currency Swaps and Currency and Cross-currency options. These products are offered to the Bank's customers to enable them to manage their exposure towards movement in foreign exchange rates or in Indian / foreign currency interest rates. The Bank also enters in to these derivative contracts (i) to cover its own exposures resulting either from the customer transactions or own foreign currency assets and liabilities or (ii) as trading positions.

The derivative contracts, as above, expose the Bank to risks such as credit risk and market risk. Credit risk implies probable financial loss the Bank may ultimately incur, if the counter parties fail to meet their obligations. Market risk deals with the probable loss the Bank may ultimately incur as a result of movements in exchange rates, benchmark interest rates, credit spreads etc., to the extent that the exposures are not fully covered by the Bank on a back-to-back basis or as hedge positions.

The Bank has established an organization structure to manage these risks that operates independent of investment and trading activities. Management of these risks is governed by respective policies approved by the Board of Directors. While expanding relationship-banking activities, the Bank has put in place a credit policy by defining the internal risk controls. The policy incorporates the guidelines issued by the RBI from time to time. ISDA agreements are entered into with counterparties. The Bank has evolved a similar policy for managing market risks through specific product mandates, limits on book sizes, stop loss limits, Value at Risk limits (VaR), Event Risk Analysis, counter party limits etc.

The Bank has also set up a Asset-Liability Management Committee ("ALCO") and a Risk Management Review Committee ("RMRC"), which monitor the risk on an integrated basis. The market risk and credit risk management teams monitor compliance with the policies on a continuous basis and there is a clearly defined procedure of reporting and ratification of any limit breaches for derivative products.

Quantitative disclosure:

(Rs. in millions)

Sl. No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	10,348	15,258	-	-
	b) For trading	38,419	52,185	197,961	207,217
(ii)	Marked to Market Positions				
	a) Asset (+)	1,726	4,239	1,289	1,942
	b) Liability (-)	727	3,616	1,695	2,124
(iii)	Credit Exposure	5,824	8,763	2,804	3,625
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives	-	-	182	206
	b) on trading derivatives	32	3	9	32
(v)	Maximum and Minimum of 100*PV01 #				
	a) on hedging				
	- Maximum	-	-	210	208
	- Minimum	-	-	181	150
	b) on trading				
	- Maximum	59	77	32	86
	- Minimum	0.42	0.01	0.05	0.01

Amounts stated are inclusive of impact of Currency swaps and Interest Rate Swaps and are stated at absolute values

* Does not include notional of Forward contracts and Currency options, trading or hedging.

18.12.4 Credit Default Swaps

The Bank did not deal in any credit default swaps during the year ended 31 March 2013 (Previous Year – NIL).

Related party transactions

List of related parties

Related parties where control exists
ING Vysya Financial Services Limited – wholly owned subsidiary of the Bank.

Related parties with significant influence and with whom there are transactions during the year
ING Bank N.V. and its branches
ING Mauritius Holdings
ING Mauritius Investments
ING Vysya Bank Staff Provident Fund
ING Vysya Bank Staff Gratuity Fund
ING Vysya Bank Superannuation Fund
ING Vysya Bank (Employees) Pension Fund

Key Management Personnel – Mr. Shailendra Bhandari - Managing Director & Chief Executive Officer (MD & CEO)
Relatives of Key Management Personnel - Rina Bhandari, Shiv Bhandari and Shirin Bhandari.

In accordance with para 5 of AS 18 – Related Party Disclosures, transactions in the nature of banker – customer relationship are not disclosed in respect of Key Management Personnel and relatives of Key Management Personnel.

(Rs. in millions)

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Deposits accepted by the Bank	Maximum 53 (87) Outstanding 47 (45)	Maximum 1,220 (603) Outstanding 549 (128)	- (-) - (-)	Maximum 1,273 (690) Outstanding 596 (173)
Borrowing	Maximum - (-) Outstanding - (-)	Maximum 29,352 (23,089) Outstanding 28,198 (22,133)	- (-) - (-)	Maximum 29,352 (23,089) Outstanding 28,198 (22,133)
Borrowing - Tier I Bonds	Maximum - (-) Outstanding - (-)	Maximum 1,502 (1,452) Outstanding 1,207 (1,297)	- (-) - (-)	Maximum 1,502 (1,452) Outstanding 1,207 (1,297)
Borrowing - Tier II Bonds	Maximum - (-) Outstanding - (-)	Maximum 10 (10) Outstanding 10 (10)	- (-) - (-)	Maximum 10 (10) Outstanding 10 (10)
Borrowing - Upper Tier II	Maximum -	Maximum 4,531	-	Maximum 4,531

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Bonds	(-) Outstanding - (-)	(4,378) Outstanding 3,639 (3,910)	(-) - (-)	(4,378) Outstanding 3,639 (3,910)
Deposit kept with other banks	Maximum - (-) Outstanding - (-)	Maximum 945 (1,360) Outstanding 183 (78)	- (-) - (-)	Maximum 945 (1,360) Outstanding 183 (78)
Investment	Maximum 21 (21) Outstanding 21 (21)	Maximum - (-) Outstanding - (-)	- (-) - (-)	Maximum 21 (21) Outstanding 21 (21)
Lending	Maximum - (-) Outstanding - (-)	Maximum 4,058 (4,070) Outstanding 2,063 (4,070)	- (-) - (-)	Maximum 4,058 (4,070) Outstanding 2,063 (4,070)
Interest paid	3 (2)	2,658 (2,379)	- (-)	2,661 (2,381)
Interest received	- (-)	1,808 (1,121)	- (-)	1,808 (1,121)
Charges Paid	- (-)	- (0)	- (-)	- (0)
Interest accrued but not due (payable)	2 (1)	177 (85)	- (-)	179 (86)
Interest accrued but not due (receivable)	- (-)	0 (0)	- (-)	0 (0)
Dividend Received	2 (2)	- (-)	- (-)	2 (2)
Dividend Paid	- (-)	263 (197)	0 (-)	263 (197)
Purchase of securities	- (-)	533 (528)	- (-)	533 (528)
Sale of securities	- (-)	502 (2,704)	- (-)	502 (2,704)
Reimbursement received	- (-)	9 (16)	- (-)	9 (16)
Rendering of services	- (-)	9 (-)	- (-)	9 (-)
Reimbursement paid	- (-)	7 (13)	- (-)	7 (13)
Receiving of services	141 (231)	16 (-)	- (-)	157 (231)
Receiving of services – outstanding	21 (21)	- (-)	- (-)	21 (21)
Contribution to	-	1,019	-	1,019

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
employee welfare funds - Paid	(-)	(1,052)	(-)	(1,052)
Contribution to employee welfare funds- Payable	- (-)	1,384 (1,466)	- (-)	1,384 (1,466)
Managerial remuneration	- (-)	- (-)	22 (20)	22 (20)
Letter of Credit / LUTs issued	- (-)	308 (-)	- (-)	308 (-)
Bank guarantees- Issued	- (-)	5,352 (9,011)	- (-)	5,352 (9,011)
Derivative transactions - notional outstanding	Maximum - (-) Outstanding - (-)	Maximum 96,268 (96,105) Outstanding 79,645 (96,105)	- (-) - (-)	Maximum 96,268 (96,105) Outstanding 79,645 (96,105)
Forward transactions	Maximum - (-) Outstanding - (-)	Maximum 6,500 (15,352) Outstanding 1,735 (228)	- (-) - (-)	Maximum 6,500 (15,352) Outstanding 1,735 (228)
Premium paid	- (-)	- (0)	- (-)	- (0)
Commission received	- (-)	78 (25)	- (-)	78 (25)
Commission paid	- (-)	2 (-)	- (-)	2 (-)
Loss on Liquidation	- (-)	9 (12)	- (-)	9 (12)

During the year 2012-13, 0.12 millions (Previous Year: 0.13 millions) number of stock options under "ESOS 2010" scheme have been issued to the MD & CEO.

(Previous year's figures are given in parentheses)

18.14 Key Ratios

18.14.1 Capital Adequacy Ratio

The Bank's Capital to Risk-weighted Asset Ratio {'Capital Adequacy Ratio') is calculated in accordance with the RBI's 'Prudential Guidelines on Capital Adequacy and Market Discipline – Implementation of the New Capital Adequacy Framework' ('Basel II). Under the Basel II framework, the Bank is required to maintain a minimum capital adequacy ratio of 9% on an ongoing basis for credit risk, market risk and operational risk, with a minimum Tier I capital ratio of 6%. Further, the minimum capital maintained by the Bank as on 31 March 2013 is subject to a prudential floor, which is the higher of the following amounts:

1. Minimum capital required as per the Basel II framework.

2. 80% of the minimum capital required to be maintained under the Basel I framework.

The Bank's capital adequacy ratio, calculated in accordance with the RBI guidelines under Basel II frameworks, is as follows:

Particulars	As at 31 March 2013	As at 31 March 2012
Tier I capital (Rs. in millions)	44,526	38,498
Tier II capital (Rs. in millions)	11,659	9,461
Total capital	**56,185**	**47,959**
Risk weighted assets	**424,215**	**342,673**
Capital ratios		
Tier I capital (%)	10.49%	11.23%
Tier II capital (%)	2.75%	2.77%
Total capital (%)	**13.24%**	**14.00%**
Percentage of shareholding of the Government of India	-	-
Amount of Innovative Perpetual Debt Instrument (Rs. in millions)	1,207	1,296
Amount of subordinated debt outstanding as Tier II capital (Rs. in millions)	9,715	7,550

18.14.2 Business ratios and other information are set out below:

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Interest Income as a percentage to working funds $	9.98%	9.24%
Non-interest income as a percentage to working funds	1.49%	1.60%
Operating profit as a percentage to working funds $	2.04%	1.84%
Return on assets @	1.26%	1.09%
Business (Deposits plus advances) per employee # (Rs. in millions)	64	56
Profit per employee # (Rs. in millions)	1	1

$ Working funds are reckoned as average of total assets as reported to RBI in Form X.
@ Return on assets is with reference to average working funds as reported to RBI in Form X.
# Productivity ratios are based on year-end employee numbers.

18.14.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2013	As at 31 March 2012
Earnings for the year (Rs. in millions)	6,130	4,563
Basic weighted average number of shares (Nos)	151,884,592	143,275,876
Basic EPS (Rs.)	40.36	31.85
Dilutive effect of stock options (Nos)	4,122,079	1,395,734
Diluted weighted average number of shares (Nos)	156,006,671	144,671,610
Diluted EPS (Rs.)	39.29	31.54
Nominal value of shares (Rs.)	10.00	10.00

18.15 Segmental Reporting:

Segment Results for the year ended 31 March 2013

(Rs. in millions)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2013**	**Year ended 31 March 2013**	**Year ended 31 March 2013**	**Year ended 31 March 2013**	**Year ended 31 March 2013**
Result	1,779	4,781	2,454	-	9,014
Unallocated expenses					-
Operating Profit					9,014
Taxes					2,885
Extraordinary profit/loss					-
Net Profit					6,130
Other Information	**As at 31 March 2013**	**As at 31 March 2013**	**As at 31 March 2013**	**As at 31 March 2013**	**As at 31 March 2013**
Segment Assets	189,957	211,679	141,071	-	542,707
Unallocated Assets					5,658
Total Assets					548,364
Segment Liabilities	57,068	168,913	245,857	-	471,838
Unallocated Liabilities					30,258
Capital and Reserve & Surpluses					46,268
Total Liabilities					548,364

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

Segment Results for the year ended 31 March 2012

(Rs. in millions)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**
Result	1,044	2,974	2,524	-	6,542
Unallocated expenses					-
Operating Profit					6,542
Taxes					1,979
Extraordinary profit/loss					-
Net Profit					4,563
Other Information	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**
Segment Assets	164,184	177,688	122,461	-	464,333
Unallocated Assets					5,504
Total Assets					469,838
Segment Liabilities	52,462	138,140	215,175	-	405,777
Unallocated Liabilities					24,263
Capital and Reserve					39,798

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**
& Surpluses					
Total Liabilities					469,838

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

18.16 Other Disclosures

18.16.1 Customer complaints and awards passed by Banking Ombudsman

1. Customer complaints:

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
No. of complaints pending at the beginning of the year	139	44
No. of complaints received during the year	35,240	20,977
No. of complaints redressed during the year	34,970	20,882
No. of complaints pending at the end of the year	409	139

The above details are as certified by the management.

2. Awards passed by Banking Ombudsman:

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
No. of unimplemented Awards at the beginning of the year	-	-
No. of Awards passed by Banking Ombudsman during the year	2	-
No. of Awards implemented during the year	1	-
No. of unimplemented Awards at the end of the year	1	-

The above details are as certified by the management.

18.16.2 The Bank on 3 April 2013 received a communication from a governmental agency alleging conversion of cheques totaling to Rs. 242 millions into a customer account over the last three years. The Bank has initiated an internal enquiry into the alleged matter, which is pending. However, so far there is no claim on the Bank is this regard.

18.16.3 Penalties levied by RBI on the Bank

During the year 2012-13 RBI imposed an aggregate penalty of Rs. 6 millions vide its letter DBS.CO.Pvt.SBMD.No.4527/15.01.077/2012-13 dated 9 October 2012 for inadequate adherence to guidelines issued by RBI in respect of KYC norms. The Bank paid the penalty on 16 October 2012.

During the year 2011-12, RBI imposed an aggregate penalty of Rs. 1 millions vide its letter DBS.CO. FBMD.14714 / 17.04.009 / 2010.11 dated 26 April 2011 for non adherence to directions / guidelines issued by RBI while carrying out derivative transactions during 2006-07 and 2007- 08. The Bank paid the penalty on 3 May 2011.

18.16.4 Maturity profile of assets and liabilities

Maturity profile of assets and liabilities as at 31 March 2013 is set out below:

(Rs. in millions)

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	5,237	26,075	23,562	35,227	90,627	50,441	60,648	58,182	39,379	23,962	413,340
Advances	7,900	22,726	20,738	27,520	33,223	31,102	46,372	52,711	28,051	47,377	317,720
Investments	6,372	28,879	5,520	11,034	28,465	13,357	21,005	28,685	21,837	17,628	182,782
Borrowings	8	2,106	41	4,328	16,020	15,024	3,688	6,929	6,962	10,006	65,113
Foreign Currency assets	858	2,490	773	2,742	8,328	5,213	45	-	130	-	20,579
Foreign Currency liabilities	43	2,485	123	4,206	13,038	9,334	4,091	951	376	4,988	39,633

Classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the return (DSB 8 and 9) submitted to the RBI.

Maturity profile of assets and liabilities as at 31 March 2012 is set out below:

(Rs. in millions)

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	4,277	15,898	26,186	32,399	78,785	37,130	51,993	43,514	39,856	21,916	351,954
Advances	4,587	20,375	13,425	25,401	37,233	25,874	49,245	47,054	22,148	41,872	287,214
Investments	6,319	3,233	6,325	7,782	22,354	8,574	18,774	17,839	21,606	14,349	127,155
Borrowings	25	4,075	-	-	7,153	17,612	12,637	6,057	2,100	7,306	56,965
Foreign Currency assets	830	4,343	421	1,260	6,133	3,699	25	-	122	67	16,901
Foreign Currency liabilities	70	215	187	30	7,393	7,970	7,957	2,164	553	5,424	31,963

Classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the return (DSB 8 and 9) submitted to the RBI.

18.16.5 Letters of comforts issued by the Bank

The Bank has 886 (Previous year: 641) letter of comforts/ undertaking issued and outstanding as on 31 March 2013 amounting to Rs. 19,396 millions (Previous year: Rs. 17,653 millions).

18.16.6 Draw down from Reserves

The Bank has utilized Rs. NIL (Previous year Rs. 73 millions) from the securities premium account for meeting direct expenses relating to the QIP issue in 2011-12, as per the RBI mail box clarification dated 9 October 2007.

18.16.7 Fees/remuneration received from Bancassurance business:

(Rs. in millions)

Sr. No.	Nature of Income	Year ended 31 March 2013	Year ended 31 March 2012
1	For selling life insurance polices	415	742
2	For selling non life insurance polices	40	28
3	For selling mutual fund products	282	288
4	Others	0	31
	TOTAL	**737**	**1,089**

18.16.8 Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2

October 2006 certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

18.16.9 Disclosures on Remuneration

Qualitative Disclosures

Information relating to the composition and mandate of the Remuneration Committee:

Remuneration Committee includes members of the Board of Directors of the Bank of whom at least one member is from Risk Management and Review Committee of the Board. The majority of members of the Committee are independent non-executive directors. The Chairman of such meeting is an Independent Director to comply with the non mandatory requirement of Clause 49 Annexure I D (2) of the Listing Agreement.

Mandate of the Remuneration Committee (RC):

a. to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the board,

b. to work in close coordination with Risk Management and Review Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

c. to determine/review the Bank's policy on specific remuneration packages for the Whole time Directors/CEO/Other Risk takers and Control function staff whose professional activites have a material impact on the Bank's risk profile.

d. to ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio

e. to undertake overall supervision and administration of the compensation structure and polices with a view to attract and retain the right talent.

Key features and objectives of Remuneration policy:

All Remuneration can be divided into either Fixed Remuneration which would mean and include all payments like basic pay, perquisites, allowances or benefits without consideration of any performance criteria and Variable Remuneration which would include all additional awards, payments or benefits depending on performance or, in certain cases other contractual criteria, whether discretionary or non discretionary.

Objectives of the Remuneration Policy:

- Performance management and remuneration is aligned with the business strategy, company values and risk appetite of the Bank with a focus on the long term interests of the Bank as a whole and its customers in order to ensure a strong risk alignment as well as protection of a sound capital base

- Align employee compensation to market benchmarks to support sustainable attraction, motivation and retention of staff

- Balance of fixed and variable remuneration

- Build long term stakes through long term incentive plans like ESOP.

Features of the Remuneration Policy:

The remuneration is adjusted for all types of risk that is measured through the Company Performance Matrix (CPM) at an organization level and the performance rating at the individual level. The methodologies for adjusting remuneration to risk and performance are consistent with general risk management and corporate governance framework.

- Individual ratings are arrived basis actual performance against goals set at the beginning of the financial year. The goals are set on dimensions like financial, process & control (includes parameters like NPA, audit rating), customer and people

- Fixed pay is reasonable and aligned to market/industry benchmarks and individual ratings

- Payouts under the variable pay plan are determined based on the Company Performance Matrix (CPM) and individual performance ratings as determined by the performance management guidelines on an annual basis.

- The drivers of the CPM are approved by the Remuneration Committee and may be subject to changes based on the priorities of the organization from time to time. Presently it includes business parameters, productivity and internal standards of control, which measures organization wide risks & control parameters. Variable pay is paid out as a percentage of the fixed compensation.

- The minimum gate condition for payout of variable pay on the basis of company performance is approved by the Remuneration Committee annually after consideration of factors like business/market conditions.

- ESOP does not form part of the variable remuneration and are selectively granted to attract and retain employees. The grants are based on the grade of employee, criticality of position and performance track of the employee.

- The Malus arrangement will be applied post disbursement of the variable pay from the financial year 2013-14, where the unpaid deferred variable remuneration is held back in the event where the capital adequacy is insufficient/ on account of misbehavior or where the business line has suffered a loss on account of significant failure of risk management.

Whole time directors/ CEO & Other Risk Takers:

- In respect to the above, the policy provides for reasonable increase in fixed compensation in line with industry practice and market benchmarks. The increments are linked to individual rating.

- Variable pay is in the form of cash at present. The individual variable pay will not exceed 70% of the fixed pay in a year. Variable payouts are subject to Deferral Scheme, where it exceeds threshold limits ie 50% or more of Fixed Pay, then 40 % of the variable pay will be deferred in cash over a three year period in equal proportion.

- The policy does not provide for guaranteed bonus or sign on bonus in cash. The guaranteed bonus for the level of CEO /Whole Time Directors will be in the form of ESOPs only and restricted to the first year of employment.

- Severance pay will not be granted to any staff, except to extent any severance payments need to be paid under applicable law. Terminal benefits in the form of pension, provident fund and gratuity are in line with policies and as per the statutory norms.

- In the specific case of the Whole time Directors and MD &CEO, the Bank has the right to claw back any whole/portion of the paid and vested variable remuneration in the event of performance of acts which are considered malfeasance or fraud or specific conduct which has led to the material re-statement of the Bank's annual accounts and/or significant (reputational) harm to the Bank or any of its subsidiaries or affiliates

Control Function Staff:

For staff belonging to Control Functions (defined as employees in Risk, Compliance, Finance and Audit function who by virtue of their role have the ability to substantially alter and /or influence the risk impact for the Bank) the management of ING Vysya adopts the following general principles of remuneration:

i. the level of fixed remuneration of the Control functions is sufficiently high to ensure qualified

and experienced staff can be employed;

ii. the ratio of fixed remuneration to variable remuneration is weighted in favour of fixed remuneration.

iii. the variable remuneration is predominantly based on function-specific objectives that include qualitative criteria, but is not based on the financial performance of the business level directly monitored by the Control functions; and

iv. at least 50% of the function specific objectives should be met in order to be considered eligible for variable remuneration.

Quantitative Disclosures**

(Rs. in millions)

			Year ended 31 March 2013
a)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members. Number of Meetings held Remuneration paid to members (Sitting Fee of Rs. 20000 per meeting for each independent director only)		 4 0.12
b)	i.	Number of employees having received a variable remuneration award during the financial year.	5
	ii.	Number and total amount of sign-on awards made during the financial year.	Nil
	iii	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil
	iv.	Details of severance pay, in addition to accrued benefits, if any.	Nil
c)	i.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil Nil
	ii.	Total amount of deferred remuneration paid out in the financial year	
d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non- deferred.		Fixed - Rs. 49 Variable - Rs. 29 (Non- deferred)
e)	i.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil
	ii.	Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil
	iii.	Total amount of reductions during the financial year due to ex-post implicit adjustments.	Nil

** The Quantitative disclosures only cover whole time Directors/Chief Executive Officer/Other Risk takers.

The remuneration policy as detailed above under qualitative disclosures will be effective from 2012-13. The quantitative disclosures on remuneration as detailed above pertain to the payments made in 2012 - 13 for the year 2011-12. Payments in the year 2013-14 for the year 2012-13 would be in line with the new policy guidelines as detailed above.

18.16.10 Previous year's figures

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's presentation.

Signatures to Schedules 1 to 18

Arun Thiagarajan	Shailendra Bhandari	Sanjeev Aga	Vaughn Richtor
Chairman	**Managing Director**	**Director**	**Director**

Place: Mumbai
29 April 2013

To
The Members of
ING Vysya Bank Limited

We have audited the attached Balance Sheet of ING Vysya Bank Limited ('the Bank') as at 31 March 2012 and also the Profit and Loss Account and the Cash Flow Statement annexed thereto for the year ended on that date. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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(1), (2) and (3C) of the Companies Act, 1956.

The reports on accounts of 49 branches audited by branch auditors, as submitted by the management of the Bank have been dealt with in preparing our report in the manner considered appropriate by us.

Without qualifying our opinion, we draw attention to Note 18.2 to the financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option, to the extent of Rs. 558 millions pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter to the Bank dated 8 April 2011 regarding

Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment.

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) in our opinion, the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

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 principles generally accepted in India including Accounting Standards referred to in Sub-section (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.

We further report that:

a) 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 and returns;

b) 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;

c) the reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us; and

d) on the basis of written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the

Companies Act, 1956.

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 2012;

b) in the case of the 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.

For B S R & Co.

Chartered Accountants
Firm's Registration No.: 101248W

Zubin Shekary
Partner
Membership No.: 048814
Mumbai
24 April 2012

ANNEXURE I

SOLO BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	Schedule	31 March 2012	31 March 2011
CAPITAL AND LIABILITIES			
Capital	1	1,501	1,210
Employees' Stock Options Outstanding (Net)		16	19
Reserves and Surplus	2	38,281	25,014
Deposits	3	351,954	301,943
Borrowings	4	56,965	41,469
Other Liabilities and Provisions	5	21,288	20,485
TOTAL		**470,005**	**390,140**
ASSETS			
Cash and Balances with Reserve Bank of India	6	19,823	21,838
Balance with Banks and Money at call and short notice	7	12,482	3,377
Investments	8	127,155	110,583
Advances	9	287,367	236,021
Fixed Assets	10	5,008	5,028
Other Assets	11	18,170	13,293
TOTAL		**470,005**	**390,140**
Contingent Liabilities	12	1,225,686	584,087
Bills for collection		53,798	39,556
Significant accounting policies	17		
Notes on Accounts	18		

ANNEXURE II

SOLO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	Schedule	31 March 2012	31 March 2011
INCOME			
Interest Earned	13	38,568	26,941
Other Income	14	6,698	6,549
TOTAL		**45,266**	**33,490**
EXPENDITURE			
Interest Expended	15	26,485	16,875
Operating Expenses	16	11,102	10,260
Provisions and Contingencies		3,116	3,168
TOTAL		**40,703**	**30,303**
PROFIT / (LOSS)			
Net Profit/(Loss) for the period		4,563	3,187
Profit / (loss) brought Forward		5175	3,302
TOTAL		**9,738**	**6,489**
APPROPRIATIONS			
Transfer to statutory reserve		1141	797
Transfer to capital reserve		4	76
Transfer to / (from) Investment reserve		2	(110)
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		140	130
Dividend Paid (Refer Note No.18.10.b)		87	0
Proposed dividend		600	363
Dividend tax (Refer Note No.18.10.b)		109	59
Balance carried to Balance Sheet		7,655	5,174
TOTAL		**9,738**	**6,489**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic		31.85	26.45
Diluted		31.54	25.95
Significant Accounting Policies		17	
Notes to Accounts		18	

ANNEXURE III

SOLO CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
(A) Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	6,542	4,839
Adjustments for:		
Depreciation charges	519	498
Employee compensation expense (ESOS)	(1)	(1)
Provision/write off of Advances	807	1,561
(Profit) / Loss on revaluation of investment	549	975
Provision for Standard Assets	289	157
Other Provisions	37	(214)
Lease Adjustment Account	(20)	(20)
(Profit)/Loss on Sale of Assets (net)	(8)	(151)
Dividend received from subsidiary/ others	(10)	(7)
Cash Generated from Operation	8,704	7,637
	6,202	**5,620**
Adjustments for:		
Decrease / (Increase) in Advances	(52,153)	(52,510)
Decrease / (Increase) in Other assets	(4,353)	467
Non-Banking Assets sold	-	-
Decrease/ (Increase) in Investments	(17,121)	(6,495)
Increase / (Decrease) in Deposits	50,011	43,289
Increase / (Decrease) in Other liabilities	200	388
Increase/ (Decrease) in Borrowings	-	-
Less: Direct Taxes Paid	2.502	2,017
Net Cash flow from / (used in) Operating Activities	**(17,214)**	**(9,241)**
(B) Cash Flow from Investing Activities		
Movement in Capital Work in Progress	-	-
Purchase of Fixed assets / leased assets	(497)	(797)
Sale of Fixed assets/ Leased assets	19	363
Dividend received from subsidiary/others	10	7
Net Cash flow used in Investing Activities	**(466)**	**(427)**
(C) Cash Flow from Financing Activities		
Proceeds from issue of shares	291	10
Share premium collected	9,505	197
Dividend Paid	(520)	(350)
Borrowings (including Subordinated Debt -Tier II Bonds and Innovative Perpetual Debt Instrument)	15,496	4,755
Net Cash Flow from Financing Activities	**24,773**	**4,612**
Net Increase/ (Decrease) in Cash and Cash Equivalents	7,092	(5,056)
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)	**25,214**	**30,270**
Cash and Cash equivalents as at the end of the year (Including Money At Call and Short Notice)	**32,306**	**25,214**

ANNEXURE IV

SCHEDULES TO THE SOLO BALANCE SHEET AS AT

SCHEDULE 1 – CAPITAL

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
AUTHORISED CAPITAL		
350,000,000 (Previous Year 350,000,000) Equity Shares of Rs.10 each	3,500	3,500
100,000,000 (Previous Year 100,000,000) Preference Shares of Rs.10 each	1,000	1,000
ISSUED CAPITAL		
150,411,637 (Previous Year 121,275,144)		
Equity shares of Rs. 10 each	1,504	1,213
SUBSCRIBED AND CALLED UP CAPITAL		
150,123,831 (Previous Year 120,986,738)		
Equity Shares of Rs.10 each Fully Called and Paid up (Refer Note No. 18.10.a)	1,501	1,210
TOTAL	**1,501**	**1,210**

SCHEDULE 2 - RESERVES AND SURPLUS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
Opening balance	4,496	3,700
Additions during the year	1,141	796
TOTAL (A)	**5,637**	**4,496**
II. CAPITAL RESERVE		
(a) Revaluation Reserve		
Opening balance	1,042	1,080
Less: Revaluation reserve reversed consequent to sale of assets/ transfer of assets	(1)	(31)
Less: Depreciation on revalued assets	(7)	(7)
TOTAL (B)	**1,034**	**1,042**
(b) Others		
Opening balance	1,245	1,169
Add: Transfer from Profit and Loss Account	4	76
TOTAL (C)	**1.249**	**1,245**
TOTAL CAPITAL RESERVE (B+C)	**2,282**	**2,288**
III. SECURITIES PREMIUM		
Opening balance	12,054	11,846
Add: Additions during the year	9,581	208
Less: Deletions during the year	(73)	-
TOTAL (D)	**21,562**	**12,054**
IV. REVENUE AND OTHER RESERVES		
(a) SPECIAL RESERVE (u/s 36 (1) (viii) of Income Tax Act, 1961)		
Opening balance	447	317
Add: Additions during the year	140	130
TOTAL (E)	**587**	**447**
(b) Revenue Reserves		
Opening Balance	555	555
Add: Addition on consolidation of subsidiary	-	-
TOTAL (F)	**555**	**555**
(c) Investment Reserve		
Opening Balance	-	110
Add: Additions during the year	2	-
Less: Deductions during the year		(110)
TOTAL (G)	**2**	**-**
TOTAL (IV) (E+F+G)	**1,144**	**1,002**
V. Balance in Profit and Loss Account (H)	7,655	5,174
TOTAL (I to VI)	**38,281**	**25,014**

SCHEDULE 3 - DEPOSITS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
A I. Demand deposits		
i. From banks	3,544	1,819
ii. From others	60,500	49,253
II. Savings bank deposits	56,429	53,515
III. Term deposits		
i. From banks	75,954	61,027
ii. From others	155,527	136,329
TOTAL (I to III)	**351,954**	**301,943**
B. Deposits of branches in India	351,954	301,943
C. Deposits outside India	-	-
TOTAL	**351,954**	**301,943**

SCHEDULE 4 - BORROWINGS*

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Borrowings in India		
i. Reserve Bank of India		-
ii. Other banks	4,403	1,379
iii. Other institutions and agencies	23,697	16,122
II. Borrowings outside India	28,865	23,968
TOTAL (I to II)	**56,965**	**41,469**

Secured borrowings included in (I) and (II) above is NIL (Previous Year: NIL)

* Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of Rs. 11,206 millions as on 31 March 2012 (Previous Year: Rs. 10,522 millions)

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Bills payable	3,681	4,386
ii. Inter office adjustments (net)	174	288
iii. Interest accrued	1,705	1,626
iv. Provision against Standard Assets	1,454	1,165
v. Others (including provisions)	14,274	13,020
TOTAL (i to vi)	**21,288**	**20,485**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Cash in hand (including foreign currency notes)	3,864	4,000
II. Balances with Reserve Bank of India		
i. In current account	15,959	17,838
ii. In other accounts	-	-
TOTAL (I to II)	**19,823**	**21,838**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. In India		
i) Balances with banks		
a) In current accounts	1,671	1,058
b) In other deposit accounts	319	520
ii) Money at call and short notice		
a) With banks	600	-
b) With others	4,997	-
TOTAL (i to ii)	**7,587**	**1,578**
II. Outside India		
i) Balances with banks		
a) In current accounts	801	2
b) In other deposit accounts	-	-
ii) Money at Call and Short Notice		
a) With Banks	4094	1,797
b) With Others	-	-
TOTAL (i to ii)	**4,894**	**1,799**
GRAND TOTAL (I to II)	**12,482**	**3,377**

SCHEDULE 8 - INVESTMENTS (NET OF PROVISIONS)

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Investments in India		
i) Government securities #* $^	89,689	82,292
ii) Other approved securities	-	-
iii) Shares	590	81
iv) Debentures and bonds	1,876	785
v) Subsidiaries/Joint Ventures	21	21
vi) Others @	34,979	27,404
TOTAL	**127,155**	**110,583**
II. Investments outside India	-	-
GRAND TOTAL	**127,155**	**110,583**
GROSS INVESTMENTS	127,505	110,937
Less: Depreciation/Provision for Investments	(350)	(354)
NET INVESTMENTS	**127,155**	**110,583**

Includes securities costing Rs. Nil (31 March 2011: Rs. 71 millions) pledged for availment of telegraphic transfer discounting facility.

* Net of repo borrowings Rs. 38,476 millions (Previous Year Rs. 2117 millions) under the liquidity adjustment facility in line with Reserve Bank Of India requirements.

$ Includes securities costing Rs. 1,365 millions (Previous Year Rs. 1,253 millions) pledged for margin requirement.

^ Includes securities costing Rs. 1,053 millions (Previous Year: Nil) utilised for market repurchase transaction.

@ Includes deposits with NABARD, NHB and SIDBI of Rs. 31,490 millions (Previous Year Rs. 26,604 millions) and PTC's Rs. 558 millions (Previous Year Rs. 800 millions) and certificate of Deposits Rs.2,932 millions (Previous Year: NIL)

SCHEDULE 9 - ADVANCES (Net of Provisions)

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
A. i) Bills purchased and discounted	12,223	6,133
ii) Cash credits, overdrafts and loans repayable on demand	112,557	79,751
iii) Term loans	162,587	150,137
TOTAL	**287,367**	**236,021**
B. i) Secured by tangible assets*	253,493	203,401
ii) Covered by Bank/Government guarantees	1,586	2,178
iii) Unsecured	32,288	30,442
TOTAL	**287,367**	**236,021**
* Includes advances secured against book debts		
C. I ADVANCES IN INDIA		
i) Priority sector	94,940	80,471
ii) Public sector	36	1
iii) Banks	28	23
iv) Others	192,363	155,526
II ADVANCE OUTSIDE INDIA	-	-
TOTAL	**287,367**	**236,021**

SCHEDULE 10 - FIXED ASSETS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
I. Premises		
i) At cost as on March 31 of preceding year (Including Revaluation)	4,090	2,106
ii) Additions during the year	9	2,203
	4,099	4,309
iii) Deductions during the year	(2)	(219)
iv) Depreciation to date	(387)	(332)
I A. Capital work in progress	-	-
TOTAL	**3,710**	**3,758**
II. Other Fixed Assets (Including Furniture and Fixtures)		
i) At cost as on 31 March of the preceding year	4,572	4,090
ii) Additions during the year	517	534
	5,089	4,624
iii) Deductions during the year	(51)	(53)
iv) Depreciation to date	(4,003)	(3,594)
II A. Capital work in progress	106	136
TOTAL	**1,141**	**1,113**
III. Lease Fixed Assets		
i) At cost as on 31 March of the preceding year	1,541	1,541
ii) Additions during the year	-	-
	1,541	1,541
iii) Deductions during the year	-	-
iv) Depreciation to-date	(1,436)	(1,415)
v) Add: Lease adjustment account	290	269
vi) Less: Provision / Write off of non performing assets	(238)	(238)
TOTAL	**157**	**157**
GRAND TOTAL (I to III)	**5,008**	**5,028**

SCHEDULE 11 - OTHER ASSETS

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i Inter-office adjustment (net)	-	-
ii. Interest accrued	2,248	2,052
iii. Tax paid in advance and tax deducted at source (net)	1,366	842
iv. Stationery and stamps	9	11
v. Non banking assets acquired in satisfaction of claims (net)	-	-
vi. Others #	14,547	10,388
TOTAL	**18,170**	**13,293**

Includes deferred tax assets of Rs. 1,399 millions (Previous year Rs. 1,528 millions)
Refer Note No. 18.8

SCHEDULE 12 - CONTINGENT LIABILITIES

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Claims against the bank not acknowledged as debts	2	51
ii. Liability for partly paid investments	-	-
iii. Liability on account of outstanding forward exchange contracts*	834,728	220,160
iv. Liability on account of outstanding derivative contracts *@	307,811	296,867
v. Guarantees given on behalf of constituents		52,417
a) In India	54,539	42,525
b) Outside India	9,744	9,892
vi. Acceptances, endorsements and other obligations	17,801	13,786
vii. Other items for which the bank is contingently liable	1,061	806
TOTAL	**1,225,686**	**584,087**

* Represents notional amounts.

@ Long term forward exchange contracts amounting to Rs.7,460 millions (Previous Year: 5,158 millions) are managed as derivatives and accordingly reflected under liability on account of derivative contract.

SCHEDULES TO THE SOLO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

SCHEDULE 13 - INTEREST EARNED

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Interest/Discount on advances/bills	28,678	20,326
ii. Income on investments	9,819	6,463
iii. Interest on balances with RBI and other inter bank funds	6	21
iv. Others	65	131
TOTAL	**38,568**	**26,941**

SCHEDULE 14 - OTHER INCOME

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Commission, Exchange and Brokerage	4,690	4,189
ii. Profit/ (Loss) on sale of investments (net)	123	819
iii. Profit/ (Loss) on revaluation of investments (net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other assets (net)	8	151
v. Profit/ (Loss) on Exchange/ Derivative transactions (net)	1,471	1,021
vi. Income earned by way of dividends etc.from subsidiaries/companies and joint ventures abroad/in India	10	6
vii. Lease income	-	10
Add: Lease Equalisation	20	10
Less: Depreciation	(20)	(20)
viii. Miscellaneous income #	396	363
TOTAL	**6,698**	**6,549**

Includes recovery from written off accounts amounting to Rs. 256 millions (Previous Year Rs. 303 millions)

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Interest on Deposits	21,530	13,567
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	2,467	478
iii. Others (including interest onTier II Bonds)	2,488	2,830
TOTAL	**26,485**	**16,875**

SCHEDULE 16 - OPERATING EXPENSES

(Rs. in millions)

PARTICULARS	31 March 2012	31 March 2011
i. Payments and Provisions for Employees	6,510	6,056
ii. Rent, Taxes and Lighting	978	814
iii. Printing and Stationery	130	109
iv. Advertisement and Publicity	44	26
v. Depreciation on Bank's Property	498	477
vi. Director's Fees, Allowances & Expenses	5	5
vii. Auditors' Fees and Expenses (Including Branch Auditors)	6	7
viii. Law Charges	31	38
ix. Postage,Telegrams,Telephones	214	208
x. Repairs and Maintenance	313	277
xi. Insurance	306	258
xii. Other expenditure	2,067	1,985
TOTAL	**11,102**	**10,260**

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

1 BACKGROUND

ING Vysya Bank Limited ("the Bank") was incorporated on 29 March 1930 and is headquartered in Bangalore. Subsequent to the acquisition of stake in the Bank by ING Group N.V. in August 2002, the name of the Bank was changed from "Vysya Bank Limited" to "ING Vysya Bank Limited".

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

3 USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

4 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a. Income and expenditure is accounted for on an accrual basis except as stated below:

Interest on advances, securities and other assets classified as non-performing assets/ securities is recognized on realization in accordance with the guidelines issued by the RBI.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognized at the inception of the loan.

b. Income on assets given on lease

Finance income in respect of assets given on lease is accounted based on the interest rate implicit in the lease in accordance with the guidance note issued by the ICAI in respect of leases given up to 31 March 2001 and in accordance with AS 19 – "Leases" in respect of leases given from 1 April 2001.

c. Premium/discount on acquired loans

Premium paid/discount received on loans acquired under deeds of assignment are recognised in the profit and loss account in the year of such purchases.

d. Sale of investments

Realized gains on investments under Held To Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated, from the profit available for appropriation, if any, to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

e. Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.

f. Commission on guarantees and letters of credit issued are amortised on a straight-line basis over the period of the respective guarantees / letters of credit.

5 FOREIGN EXCHANGE TRANSACTIONS

a. Transactions denominated in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

b. Monetary assets and liabilities denominated in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the balance sheet date as notified by Foreign Exchange Dealers Association of India ("FEDAI") and resulting gains/losses are recognised in the profit and loss account.

c. Outstanding foreign exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/ loss on revaluation is included in the profit and loss account.

d. Contingent liabilities denominated in foreign currencies are disclosed on the balance sheet date at the rates notified by FEDAI.

6 DERIVATIVE TRANSACTIONS

Derivative transactions comprise long term forward contracts, interest rate swaps, currency swaps, currency and cross currency options to hedge on-balance sheet assets and liabilities or to take trading positions.

Derivative transactions designated as "Trading" are Marked to Market ("MTM") with resulting gains/losses included in the profit and loss account. Derivative transactions designated as "Hedge" are accounted for on an accrual basis.

Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through the profit and loss account.

7 INVESTMENTS

For presentation in the Balance sheet, investments (net of provisions) are classified under the following heads – Government securities, Other approved securities, Shares, Debentures and Bonds, Subsidiaries and Joint Ventures and Others, in accordance with the Third Schedule to the Banking Regulation Act, 1949.

Valuation of investments is undertaken in accordance with the "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI. For the purpose of the valuation, the Bank's investments are classified into three categories, i.e. 'Held to Maturity', 'Held for Trading' and 'Available for Sale' at the time of their purchase:

a. "Held to Maturity" (HTM) comprises securities acquired by the Bank with the intention to hold them upto maturity. With the issuance of RBI Circular No. DBOD.BP.BC.37/21/04/141/2004-05 dated 2 September 2004, the investment in SLR securities under this category is permitted to a maximum of 25% of Demand and Time Liabilities.

b. "Held for Trading" (HFT) comprises securities acquired by the Bank with the intention of trading i.e. to benefit from short-term price/interest rate movements.

c. "Available for Sale" (AFS) securities are those, which do not qualify for being classified in either of the above categories.

d. Transfer of securities between categories of investments is accounted for at the acquisition cost / book value / market value on the date of transfer, whichever is lower, and the depreciation, if

any, on such transfer is fully provided for.

Valuation of investments is undertaken as under:

a. For investments classified as HTM, excess of cost over face value is amortized over the remaining period of maturity on a straight line basis. The discount, if any, being unrealised is ignored. Provisions are made for diminutions other than temporary in the value of such investments.

b. Investments classified as HFT and AFS are revalued at monthly intervals as per RBI and FIMMDA valuation norms. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

c. In the event provisions created on account of depreciation in the "Available for sale" or "Held for trading" categories are found to be in excess of the required amount in any year, such excess is recognised in the profit and loss account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve account in accordance with RBI guidelines after adjusting for income tax and appropriation to statutory reserve.

d. Treasury bills and Commercial paper being discounted instruments, are valued at carrying cost.

e. REPO and Reverse REPO transactions conducted under LAF with RBI are accounted for on an outright sale and outright purchase basis respectively in line with RBI guidelines. The cost/income of the transactions upto the year end is accounted for as interest expense/income. However, in case of reverse REPO, the depreciation in value of security compared to original cost is provided for. Market REPO and Reverse REPO transactions are accounted as collateralised borrowings and lending respectively.

f. The Bank follows settlement date method of accounting for purchase and sale of investments.

8 ADVANCES

Advances are classified into standard, sub-standard, doubtful and loss assets in accordance with the guidelines issued by RBI and are stated net of provisions made towards non-performing advances.

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and also encourage banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories, and the provisioning done is higher than the minimum prescribed under RBI guidelines.

As per RBI guidelines, a general provision at the rate of 0.40% is made on all the standard advances except for the following where provision is made at different rates

a) at 0.25% for loans to Small and Medium Enterprises and direct agricultural advances; and

b) at 1.00% on Commercial Real Estate (CRE) sector.

c) at 2.00% on housing loans at teaser rates.

Provision towards standard assets is shown separately in the Balance Sheet under Schedule-5 – "Other liabilities and Provisions".

For restructured/rescheduled assets, provision is made for diminution in the fair value of the assets in accordance with the guidelines issued by RBI.

9 FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation, with the exception of premises, which were revalued as at 31 December 1999, based on values determined by approved valuers.

Cost includes cost of purchase of the asset and all other expenditure in relation to its acquisition and installation and includes taxes (excluding service tax), freight and any other incidental expense incurred on the asset before it is ready for commercial use.

Office Equipment (including Electrical and Electronic equipment, Computers, Vehicles and other Office Appliances) are grouped under Other Fixed Assets.

a. Depreciation on Premises is charged on straight line basis at the rate of 1.63% upto 31 March 2002 and at 2% with effect from 1 April 2002.

b. Additional depreciation on account of revaluation of assets is deducted from the current year's depreciation and adjusted in the Revaluation Reserve account.

Depreciation on the following items of Fixed Assets is charged over the estimated useful life of the assets on a straight line basis. The rates of depreciation are:

i. Electrical and Electronic equipment – 20%

ii. Furniture and Fixtures – 10%

iii. Vehicles – 20%

iv. Computers and Software – 33.33%

v. ATMs and VSAT equipment – 16.66%

vi. Improvements to leasehold premises – amortised over the shorter of primary period of lease or estimated useful life of such assets, which is currently estimated at 6 years.

Depreciation on Leased Assets is provided on WDV method at the rates stipulated under Schedule XIV to the Companies Act, 1956.

Software whose actual cost does not exceed Rs. 100,000 and other items whose actual cost does not exceed Rs. 10,000 are fully depreciated in the year of purchase.

Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the date of disposal.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Profits on sale of fixed assets is first credited to profit and loss account and then appropriated to capital reserve.

10 IMPAIRMENT OF ASSETS

In accordance with AS 28 – Impairment of Assets, the Bank assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the cash generating unit. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to a maximum of depreciated historical cost.

11 NON-BANKING ASSETS

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

13 EMPLOYEES' STOCK OPTION SCHEME

The Employee Stock Option Schemes provide for the grant of equity shares of the Bank to its employees. The Schemes provide that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

14 STAFF BENEFITS

The Bank provides for its Pension, Gratuity and Leave liability based on actuarial valuation done as per the Accounting Standard 15 (Revised).

i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity, Pension and Leave Encashment Liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

15 LEASE TRANSACTIONS

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss Account on a straight line basis over the lease term.

16 TAXES ON INCOME

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

The Bank offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

17 NET PROFIT/(LOSS)

Net profit / (loss) disclosed in the profit and loss account is after considering the following:

- Provision/ write off of non-performing assets as per the norms prescribed by RBI;
- Provision for income tax and wealth tax;
- Depreciation/ write off of investments; and
- Other usual, necessary and mandatory provisions, if any.

18 EARNINGS PER SHARE ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

19 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Such provisions are not discounted to present value. A disclosure for a contingent liability is made when there is a possible obligation, or a present obligation where outflow of resources is not probable. Where 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 resource would be required to settle the obligation, the provision is reversed. The bank does not account for or disclose contingent assets, if any.

18 NOTES TO ACCOUNTS

18.1 Employee stock option scheme

ESOS 2002

The employee stock option scheme ("ESOS 2002" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 23 July 2001 and by the shareholders at the Annual General Meeting held on 29 September 2001. A total of 500,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme was in force. These options vest over a period of five years from the date of grant i.e. 20% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. Consequent to the rights issue of the Bank during the financial year 2005-2006, appropriate adjustments were made to the number of outstanding options and initially fixed exercise price. ESOS 2002 was discontinued by the Bank at the Annual General Meeting held on 22 September 2005. No further options have been granted under this scheme.

The movements in ESOS 2002 during the year ended 31 March 2012 and 31 March 2011 are as under:

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	-	-	480	97.50
Less: Options exercised during the year	-	-	-	-
Less: Options forfeited	-	-	480	97.50
Stock options outstanding at the end of the year	-	-	-	-

ESOS 2005

The employee stock option scheme ("ESOS 2005" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 27 July 2005 and by shareholders at the Annual General Meeting held on 22 September 2005. A total of 893,264 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of four years from the date of grant i.e. 25% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. The board level committee in their meeting dated 25 October 2007 approved the grant of options under ESOS 2005 loyalty options scheme.

The movements in ESOS 2005 during the year ended 31 March 2012 and 31 March 2011 are as under:

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	263,419	172.98	430,864	170.13
Add: Options granted during the year	-	-	-	-
Less: Options exercised during the year	35,660	165.15	160,116	165.16
Less: Options	7,700	178.70	7,329	176.20

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
forfeited				
Stock options outstanding at the end of the year	**220,059**	**174.05**	**263,419**	**172.98**

ESOS 2007

The employee stock option scheme ("ESOS 2007" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 7 March 2007 and by the shareholders through postal ballot meeting held on 11 May 2007. A total of 78,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2007 during the year ended 31 March 2012 and 31 March 2011 are as under:-

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	6,065,000	250.02	6,994,599	243.81
Add: Options granted during the year	70,000	290.50	208,500	258.16
Less: Options exercised during the year	843,470	200.41	834,449	215.54
Less: Options forfeited	203,250	284.43	303,650	255.66
Stock options outstanding at the end of the year	**5,088,280**	**257.43**	**6,065,000**	**250.02**

ESOS 2010

The employee stock option scheme ("ESOS 2010" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 29 April 2010 and by the shareholders at the last AGM held on 1 July 2010. A total of 1,15,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) during which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movements in ESOS 2010 during the year ended 31 March 2012 and 31 March 2011 are as under:-

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	3,595,500	358.78	-	-
Add: Options granted during the year	3,554,975	323.37	3,677,500	358.57
Less: Options exercised during the year	-	-	-	-

Particulars	Year ended 31 March 2012	Weighted Average Price (In Rs.)	Year ended 31 March 2011	Weighted Average Price (In Rs.)
Less: Options forfeited	405,250	346.95	82,000	349.15
Stock options outstanding at the end of the year	**6,745,225**	**340.83**	**3,595,500**	**358.78**

Details of exercise price and remaining contractual life of options

The details of exercise price and remaining contractual life of stock options outstanding as at 31 March 2012 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2005 Tranche I	92.59-136.47	38,004	2.13	122.45
ESOS 2005 (Loyalty Options)	184.82	182,055	2.10	184.82
ESOS 2007	114.20-380.40	5,088,280	3.64	257.43
ESOS 2010	322.55-403.95	6,745,225	5.70	340.83

The details of exercise price and remaining contractual life of stock options outstanding as at 31 March 2011 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2005 Tranche I	92.59-136.47	49,989	3.07	122.43
ESOS 2005 (Loyalty Options)	184.82	213,430	3.15	184.82
ESOS 2007	114.20 - 380.40	6,065,000	4.54	250.02
ESOS 2010	349.15 - 403.95	3,595,500	6.32	358.78

The weighted average share price for all options exercised during the year was Rs. 323.83 per share (Previous Year: Rs. 357.09).

All options under each scheme when exercised are settled through issue of equity shares.

The Bank follows the intrinsic method for valuing the stock options. The difference between employee compensation cost computed based on such intrinsic value and employee compensation cost that would have been recognized if fair value of options had been used is explained below:

Employee Compensation Cost

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Intrinsic Value	(1)	(1)
Fair value*	330	288
Excess to be Charged	**331**	**289**

Impact on Profit

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net profit after tax	4,563	3,186
Less: Adjustment for additional charge due to Fair Value	331	289
Adjusted Profit	**4,232**	**2,897**

Impact on Earnings per share

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Declared in the financial Statements		
Basic (Rs.)	31.85	26.45
Diluted (Rs.)	31.54	25.95
Revised EPS		
Basic (Rs.)	29.54	24.05
Diluted (Rs.)	29.26	23.60

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Risk free interest rate**	6.33% - 8.04%	7.72% - 7.74%	4.99% - 9.25%	6.49% - 8.38%
Expected Life (excluding vesting period)	1 Year	1 Year	1 Year	1 Year
Expected Volatility	31.62% - 47.40%	45.23%	36.71% - 51.58%	36.71%-38.72%
The price of the underlying share in market at the time of option grant (as per NSE) (Rs.)	162.6 - 260.65	262.60	114.20-380.40	322.55 - 403.95

* The Black-Scholes Model is used to calculate a theoretical call price (ignoring dividends paid during the life of the option) using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.

** Risk free interest rate is taken from the rates given by Fixed Income Money Market and Derivatives Association of India (FIMMDA) for Government securities.

The call option values under Black- Scholes Model for option valuation under different schemes for outstanding options as on 31 March 2012 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Option price at the date of grant (Rs.)	58.33 - 180.50	118.92 - 135.34	36.25 - 153.16	90.44 –195.82
Weighted average Fair Value of the options at the date of grant (Rs.)	83.09	127.64	102.23	115.13

18.2 Employee benefits

Provident fund plan

The Bank has a defined contribution plan in respect of provident fund. The contribution to the employees provident fund amounted to Rs. 124 millions for the year ended 31 March 2012 (Previous year Rs. 110 millions).

Gratuity, Pension and Leave Benefit plans

The Bank has defined benefit plans in respect of Gratuity, Pension and Leave Encashment. The Gratuity and Pension schemes are funded out of Trust fund set up separately for this purpose.

Reopening of Pension Option and amendment to the Payment of Gratuity Act, 1972

During the year 2010-2011, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result, the Bank incurred an additional liability of Rs. 1,217 millions being Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 930 millions on account of II Pension Option to existing employees. Further, during the year 2010-2011, the limit of gratuity payable to the employees was enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result the gratuity liability of the Bank increased by Rs. 207 millions.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of Rs. 1,425 millions was required to be charged to the profit and loss Account. However, the Reserve Bank of India vide their letter dated 8 April 2011 ("the RBI Letter") on Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, permitted the Bank to amortise the additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier as well as the enhancement in gratuity limits over a period of five years beginning with the financial year ending 31 March 2011 subject to a minimum of 1/5th of the total amount involved every year.

Accordingly, the Bank during the year 2010-11 charged the full impact of Rs. 287 millions on account of II Pension Option to retired/ separated employees and Rs. 186 millions representing one-fifth of the full impact of II Pension Option to the existing employees as required by the RBI letter. Also the Bank fully charged Rs. 207 millions on account of amendment to the Payment of Gratuity Act although it was allowed to be amortized over a period of 5 years by the RBI letter.

During the current year, the Bank has provided Rs. 186 millions (Previous year Rs. 186 millions) representing one-fifth of the full impact of II Pension Option to the existing employees. In terms of the requirements of the RBI Letter, the balance impact of Rs. 558 millions on account of II Pension Option to existing employees shall be provided over the next three years.

Had the RBI Letter not been issued, the profit of the Bank in the current year would have been lower by Rs. 558 millions (Previous year Rs. 744 millions) pursuant to application of the requirements of Revised AS 15.

Disclosures under AS -15

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

Profit and Loss account: - Net employee benefit expense (recognized in Payment and provision for Employees)

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
1. Current service cost	98	94	259	277
2. Interest cost on benefit obligation	81	52	300	133
3. Expected return on plan assets	(73)	(62)	(217)	(165)
4. Net actuarial (gain)/ loss recognized in the year	76	86	44	1,213
5. Past service cost	-	207	-	-
6. Net expenses (1+2+3+4+5)	182	377	386	1,458
Actual return on plan assets	**84**	**47**	231	1,064

** Excludes Rs. 186 millions representing one-fifth of the full impact of Rs. 930 millions on account of II Pension Option to the existing employees.

* Amount of Rs. 714 millions charged to profit and loss account. The balance amount of Rs. 744 millions being four fifth of the impact of II Pension Option to existing employees, to be provided over the next four years.

\# includes employee contribution of Rs. 160 millions and transfer of Bank's contribution to Provident fund amounting to Rs. 733 millions.

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
1. Current service cost	28	26	29	23
2. Interest cost on benefit obligation	39	32	19	14
3. Net actuarial (gain)/ loss recognized in the year	(76)	(7)	(19)	12
4. Past service cost	-	-	-	-
5. Net expenses (1+2+3+4)	(9)	51	29	49

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Present value of obligation	1,113	965	3,642	3,684
Fair value of plan assets	(931)	(608)	(2,358)	(2,215)
Liability (Assets)	182	357	1,284	1,469
Liability (Asset) recognized in the Balance Sheet	182	357	1,284	1,469

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Present value of obligation	426	435	249	219
Fair value of plan assets	-	-	-	-
Liability (Assets)	426	435	249	219
Liability (Asset) recognized in the Balance Sheet	426	435	249	219

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Opening defined benefit obligation	965	669	3,684	2,046
Interest cost	81	52	300	133
Current service cost	98	94	259	277
Past service cost	-	207	-	-
Benefits paid	(117)	(128)	(659)	(883)
Actuarial (gains) / losses on obligation	87	71	58	2,112
Closing defined benefit obligation	1,113	965	3,642	3,684

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Opening defined benefit obligation	435	384	219	171
Interest cost	39	32	20	15
Current service cost	28	26	29	23
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	(76)	(7)	(19)	11
Closing defined benefit obligation	426	435	249	219

Changes in the fair value of plan assets are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Opening fair value of plan assets	608	689	2,215	1,255
Expected return	73	62	217	165
Contributions by employer	357	-	571	780
Benefits paid	(117)	(128)	(659)	(883)
Actuarial gains / (losses)	11	(15)	14	899
Closing fair value of plan assets	931	608	2,358	2,216

Experience adjustments:

(Rs. in millions)

Particulars	Gratuity			
	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligations	1,113	965	669	608
Plan assets	931	608	689	653
(Surplus) / deficit	182	357	(20)	(45)
Experience adjustments on plan liabilities	102	85	(36)	(18)
Experience adjustments on plan assets	11	(5)	14	(1)

(Rs. in millions)

Particulars	Pension			
	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligations	3,642	3,684	2,046	1,887
Plan assets	2,358	2,216	1,255	1,221
(Surplus) / deficit	1,284	1,468	791	666
Experience adjustments on plan liabilities	258	2,257	193	(41)
Experience adjustments on plan assets	14	908	-	(12)

(Rs. in millions)

Particulars	Leave encashment and availment			
	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligations	674	654	554	520
Plan assets	-	-	-	-
(Surplus) / deficit	674	654	554	176
Experience adjustments on plan liabilities	(63)	36	(31)	(1)
Experience adjustments on plan	-	-	-	-

Particulars	Leave encashment and availment			
	31 March 2012	31 March 2011	31 March 2010	31 March 2009
assets				

The above data on experience adjustments is disclosed to the extent of the relevant information is available in the valuation reports.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:-

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Investments with insurer	100%	100%	100%	100%
Investment in Government/ PSU bonds/securities	-	-	-	-

Principal assumptions used in determining gratuity, pension & leave encashment obligations for the Bank's plans are shown below: -

Particulars	Gratuity		Pension	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Discount rate (%) p.a.	8.90	8.53	8.94	8.29
Expected rate of return on assets (%)	9.50	9.50	9.50	9.50
Employee turnover % p.a	1 (IBA), 28 (CTC),55 (Others)	1 (IBA), 27 (CTC)	1 (IBA)	1 (IBA)
Salary Escalation Rate	3% p.a (IBA), 12% p.a (CTC), 12 % p.a (Others)	3%p.a(IBA), 13% p.a (CTC).	3%p.a	3%p.a

Particulars	Leave Encashment		Leave Availment	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Discount rate (%) p.a.	8.94	8.29	8.90	8.53
Expected rate of return on assets (%)	N.A.	N.A.	N.A.	N.A.
Employee turnover % p.a.	1 (IBA), 28 (CTC)	1 (IBA), 27 (CTC)	1 (IBA), 28 (CTC)	1 (IBA), 27 (CTC)
Salary Escalation Rate	3%p.a(IBA) 12%p.a (CTC)	3%p.a(IBA) 13%p.a (CTC)	3%p.a(IBA) 12%p.a (CTC)	3%p.a(IBA) 13%p.a (CTC)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

With respect to defined benefit plans, the Bank is yet to determine the contributions expected to be paid to the plans during the annual period beginning 1 April 2012.

18.3 Provisions and contingencies debited to the profit and loss account include

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Provision for income tax (including deferred tax)	1,976	1,650
Provision for wealth tax	2	2
Provision/ write off of non performing advances	807	1,561
Depreciation/ write off (write back) of investments (net)	(4)	12

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Provision/ write off of non performing investments	-	43
Provision for standard assets	289	157
Provision for restructured advances	(18)	(217)
Others *	63	(40)
Total	**3,115**	**3,168**

* Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.4 Provisions for income taxes during the year

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Provision for income tax (including deferred tax)	1,976	1,650

During the year ended 31 March 2012, the entire Special Reserve amount of Rs. 587 millions created under Section 36 (1) (viii) of the Indian Income Tax Act, 1961 (including Rs. 140 millions transferred in the current year) is treated as a deduction in the computation of current year's tax provision. This resulted in one time reduction in tax expense by Rs. 145 millions.

18.5 Investments

18.5.1 Issuer composition of non SLR investments

The details relating to issuer composition of non- SLR investments as at 31 March 2012 are as follows:

(Rs. in millions)

Issuer	Amount	Extent of private placement (Note 4)	Extent of 'below investment grade' securities	Extent of 'unrated' securities (Note 3 & 5)	Extent of 'unlisted' securities (Note 2 & 3)
Public sector undertakings	1,630	38	-	-	-
Financial Institutions	31,490	31,490	-	-	-
Banks	2,932	-	-	-	2,932
Private Corporates	1,140	1,140	300	806	811
Subsidiaries/ Joint Ventures	21	21	-	-	21
Others (Note 1)	576	576	-	-	576
Provision held towards depreciation	(324)	-	-	-	-
Total	**37,465**	**33,265**	**300**	**806**	**4,340**

1) Includes investments in Pass through certificates where the exposure is considered towards ultimate obligator/borrower.
2) Does not include bonds of Magma Fincorp Ltd allotted on 30 March 2012 which is under process of listing on BSE.
3) Deposits with NABARD, SIDBI and NHB have not been considered for the purpose of this disclosure.
4) Securities received as part of Corporate Debt restructuring have been considered under private placement.
5) Does not include Equity Shares.

The details relating to issuer composition of non- SLR investments as at 31 March 2011 are as follows:

(Rs. in millions)

Issuer	Amount	Extent of private placement (Note 3)	Extent of 'below investment grade' securities	Extent of 'unrated' securities (Note 2 &4)	Extent of 'unlisted' securities
Public sector undertakings	42	42	-	-	-
Financial Institutions	26,604	26,604	-	-	-
Banks	484	223	-	-	-
Private Corporates	643	390	300	300	302
Subsidiaries/ Joint Ventures	21	21	-	-	21
Others (Note 1)	824	824	-	-	824
Provision held towards depreciation	(327)				
Total	**28,291**	**28,104**	**300**	**300**	**1,147**

1) Includes investments in Pass through certificates where the exposure is considered towards ultimate obligator/borrower.
2) Deposits with NABARD, SIDBI & NHB have not been considered for the purpose of this disclosure.
3) Securities received as part of Corporate Debt restructuring have been considered under private placement.
4) Does not include Equity Shares

18.5.2 Non-performing non SLR investments

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	300	-
Additions during the year	-	300
Reduction during the year	-	-
Closing balance	300	300
Total provisions held	300	300

18.5.3 Repo transactions

The details relating to repo transactions during the year ended 31 March 2012 are as follows:

(Rs. in millions)

Issuer	Minimum outstanding during the year *	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2012
Securities sold under repos#	2,100	41,738	24,244	39,693
Government securities	2,100	41,738	24,244	39,693
Corporate debt securities	-	-	-	-
Securities purchased under reverse repos #	50	200	88	-
Government securities	50	200	88	-
Corporate debt securities	-	-	-	-

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

Includes LAF transactions with RBI which is inclusive of margin.

The details relating to repo transactions during the year ended 31 March 2011 are as follows:

(Rs. in millions)

Issuer	Minimum outstanding during the year *	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2011
Securities sold under repos #	525	22,050	10,210	2,100
Government securities	525	22,050	10,210	2,100
Corporate debt securities	-	-	-	-
Securities purchased under reverse repos	-	-	-	-
Government securities	-	-	-	-
Corporate debt securities	-	-	-	-

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

Includes LAF transactions with RBI which is inclusive of margin.

18.5.4 Value of Investments

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Gross value of Investments		
a. In India	127,505	110,937
b. Outside India	-	-
Provisions for depreciation		
a. In India	350	354
b. Outside India	-	-
Net value of Investments		
a. In India	127,155	110,583
b. Outside India	-	-

18.5.5 Movement of provisions held towards depreciation on investments

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	354	41
Add: Provisions made during the year	-	313
Less: Write-off/write-back of excess provisions during the year	4	-
Closing balance	**350**	**354**

18.6 Advances

18.6.1 Information with respect to loan assets subjected to restructuring

(Rs. in millions)

Particulars	CDR Mechanism		SME Debt restructuring		Others	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011

Particulars		CDR Mechanism		SME Debt restructuring		Others	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Standard advances restructured	No. of Borrowers	6	2	-	-	1	1
	Amount outstanding	1,623	262	-	-	10	20
	Sacrifice*	46	38	-	-	1	1
Sub standard advances restructured	No. of Borrowers	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-
	Sacrifice*	-	-	-	-	-	-
Doubtful advances restructured	No. of Borrowers	-	1	-	-	-	-
	Amount outstanding	-	359	-	-	-	-
	Sacrifice*	-	-	-	-	-	-
Total	**No. of Borrowers**	**6**	**3**	**-**	**-**	**1**	**1**
	Amount outstanding	**1,623**	**621**	**-**	**-**	**10**	**20**
	Sacrifice*	**46**	**38**	**-**	**-**	**1**	**1**

* Sacrifice is diminution in the fair value

18.6.2 Concentration of advances*

(Rs. in millions)

Particulars	31 March 2012	31 March 2011
Total advances to twenty largest borrowers	77,498	72,158
Percentage of advances to twenty largest borrowers to total advances of the bank	12.68%	14.07%

* Advances are computed as per the definition of credit exposure including derivatives furnished in RBI master circular on exposure norms DBOD.No.Dir.BC.7/13.03.00/2011-12 dated 1 July 2011.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

18.6.3 Concentration of exposures*

(Rs. in millions)

Particulars	31 March 2012	31 March 2011
Total exposures to twenty largest borrowers / customers	77,498	72,158
Percentage of exposures to twenty largest borrowers / customers to total exposures of the bank on borrowers / customers	12.55%	14.02%

* Exposures is computed based on credit and investment exposure as prescribed in RBI master circular on exposure norms DBOD.No.Dir.BC.7/13.03.00/2011-12 dated 1 July 2011.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

18.6.4 Concentration of NPAs

(Rs. in millions)

Particulars	31 March 2012	31 March 2011
Total exposure to top four NPA accounts	2,081	1,952

18.6.5 Sector wise NPAs: Percentage of NPA to total Advances to that sector

Particulars	31 March 2012	31 March 2011

Particulars	31 March 2012	31 March 2011
Agriculture and allied activities	2.60%	2.96%
Industry (Micro & small, medium and large)	2.11%	2.63%
Services	0.62%	0.94%
Personal Loans	49.79%	51.54%

Above information is provided as per the internal classification by management. The same has been relied upon by the auditors.

18.6.6 Movement of Gross NPAs

(Rs. in millions)

Particulars	31 March 2012	31 March 2011
Opening Gross NPAs*	**1,554**	**2,345**
Additions (fresh NPAs) during the year	1,728	2,360
Total (A)	**3,282**	**4,705**
Less:-		
(i) Upgradations	32	140
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,235	1,450
(iii) Write- offs (including technical write offs)	520	1,561
Total (B)	**1,787**	**3,151**
Closing Gross NPAs* (A-B)	**1,495**	**1,554**

* After considering technical write offs. Gross NPAs before technical write offs – Rs. 5,629 millions (Previous Year – Rs. 5,532 millions).

18.6.7 Movement of Net NPAs

(Rs. In millions)

Particulars	31 March 2012	31 March 2011
Opening Net NPAs *	**918**	**2,218**
Additions during the year	208	-
Reductions (including write offs) during the year	601	1,300
Closing Net NPAs*	**525**	**918**
NPAs to advances (%) #	0.18	0.39
Provisioning Coverage Ratio (%)#	90.67	83.41

* After netting off ECGC claims received and held pending adjustments of Rs. 600 millions (Previous year: Rs. 636 millions).

\# Provision held against the NPA sold of Rs. 51 millions and Rs. 1 millions during the year 2006-07 & 2007-08 respectively has not been reversed to profit and loss account in view of RBI Circular No DBOD.No.BP.BC.16/21.04.048/2005 dated 13 July 2005 and is retained as provision for NPA to be utilized to meet the shortfall / loss on account of sale of other non performing financial assets.

18.6.8 Movement in provisions for NPA

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	-	-
Additions during the year *	890	1,561
Technical write-offs/write backs during the year	520	1,561
Closing Balance *	**370**	**-**

***** Inclusive of amount transferred from Suspense Account - Crystallised Receivables on account of crystallised derivative receivables.

18.6.9 Details of Unsecured Advances:

Under unsecured loans, amount of advances for which intangible securities such as charge over the rights, licenses, authority etc accepted as collaterals is Nil.

18.6.10 Floating provision

The Bank does not have any floating provision as at 31 March 2012 (Previous year: Nil).

18.6.11 Provisions on standard asset

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Provision towards standard assets during the year	289	157
Cumulative provision for standard assets as at year end	1,454	1,165

Provisions towards standard assets are included in "Other Liabilities and Provisions" in Schedule 5 to the balance sheet.

18.6.12 Overseas Assets, NPAs and Revenue

There are no overseas assets (Previous year – Nil) and no overseas revenue (Previous year – Nil) during the year ended 31 March 2012.

18.6.13 Purchase/ sale of non performing assets

The Bank did not purchase any non performing assets during the year ended 31 March 2012 (Previous year: Nil).

Details of non performing financial assets sold:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
No. of accounts sold	17	1
Aggregate outstanding, net of provisions/ write offs Rs. in millions)	0	-
Aggregate consideration received (Rs. in millions)	28	15

18.6.14 Sale of financial assets to Securitisation / Reconstruction Company for Asset Reconstruction:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Total number of accounts	-	2
Total number of transactions	-	2
Book value (net of provisions) of accounts sold (Rs. in millions)	-	133
Aggregate consideration received (Rs. in millions)	-	135
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/ (loss) over net book value (Rs. in millions)	-	2

Contribution Agreement

The Bank invests in SPVs through contribution agreements and such amounts invested are recorded as loans and advances. Interest is recognized based on net yields on these transactions.

18.6.15 Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

There are no off balance sheet SPVs sponsored by the Bank.

18.6.16 (a) Exposure to capital market

(Rs. in millions)

Sl. No.	Particulars	As at 31 March 2012	As at 31 March 2011
(i)	direct investment in equity shares, convertible bonds,	590	82

Sl. No.	Particulars	As at 31 March 2012	As at 31 March 2011
	convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;		
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	2,431	2,047
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by 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;	16	3
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	570	182
(vi)	loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	350	-
(viii)	underwriting commitments taken up by 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)	-	-
Total Exposure to Capital Market		**3,957**	**2,314**

Point (ii) above includes loans to investment companies amounting to Rs. 2,000 millions (Previous year: Rs. 2,000 millions) secured by bank deposits.

(b) Exposure to real estate sector

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Direct exposure		
(i) Residential mortgages (fully secured)		
Individual housing loans up to Rs. 25 lakhs	9,372	13,169
Others	28,846	30,354
(ii) Commercial real estate		
Fund Based	13,838	10,582
Non- Fund Based	385	456
(iii) Investment in mortgage backed securities and other securitised exposures		
a. Residential	576	824
b. Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and	6,269	3,330

Particulars	As at 31 March 2012	As at 31 March 2011
Housing Finance Companies (HFCs)		
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,000	-
Total	**60,286**	**58,715**

18.6.17 Prudential exposure limits – quantitative disclosures

a) During the year ended 31 March 2012, the Bank has complied with the Reserve Bank of India guidelines on single borrower and group borrower limit. As per the exposure limits permitted under the extant RBI regulation, the Bank with the approval of the Board of Directors can enhance exposure to a single borrower or group borrower by a further 5% of capital funds, subject to the borrower consenting to the Bank making appropriate disclosures in the Annual Report.

b) During the year ended 31 March 2012, with the prior approval of Board of Directors, the Bank exceeded the single borrower limit of 20% of capital funds to Unitech Wireless (Tamilnadu) Pvt Ltd and Sistema Shyam Teleservices Ltd. As at 31 March 2012, the exposure to Unitech Wireless (Tamilnadu) Pvt Ltd and Sistema Shyam Teleservices Ltd as a percentage of capital funds was 24.95 % (Previous year: 24.98%) and 15.97 % (Previous year: 23.57%) respectively. However, this was within the additional 5% permitted by RBI as per para (a) above.

18.6.18 Risk category wise country exposure

As per the RBI guidelines, the country exposure of the Bank is categorized into various risk categories and depending on the risk category, banks are required to make provision where net funded exposure to any country exceeds 1% of Banks assets. As on the 31 March 2012, the net funded exposure did not exceed 1% of the total assets of the Bank for any country (Previous year – Nil).

18.6.19 Concentration of Deposits

(Rs. in millions)

Particulars	31 March 2012	31 March 2011
Total deposits of twenty largest depositors *	77,895	72,273
Percentage of Deposits of twenty largest depositors to Total deposits of the Bank	22.13%	23.94%

***** Including Certificate of Deposits issued by the Bank.

18.7 Leases

18.7.1 Operating Leases

The Bank has commitments under long-term non-cancellable operating leases primarily for premises. The terms of renewal / purchase options and escalation clauses are consistent with those normally prevalent in such agreements. Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases:

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
Not later than one year	55	41
Later than one year and not later than five years	104	46
Later than five years	-	-
Total minimum lease rental commitments	**159**	**87**

Additionally, the Bank also leases office / branch premises under cancellable operating lease agreements. Total lease rental expenditure under cancellable and non-cancellable operating leases debited to profit and loss account in the current year is Rs.718 millions (Previous year: Rs. 588

millions).

18.7.2 Finance leases

The Bank has not taken any assets under finance leases / hire purchase.

18.8 Deferred taxes

In accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India (ICAI) and notified by Companies Accounting Standard Rules, 2006, provision for taxation for the year is arrived at after considering deferred tax charge of Rs. 129 millions (Previous year Rs. 233 millions) for the current year.

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
Deferred tax assets		
on account of provisions	744	567
on leave encashment	219	217
on investments	664	952
on pension fund	81	124
Total deferred tax asset	**1,708**	**1,860**
Deferred tax liabilities		
on depreciation on fixed assets	155	175
on bad debts claim	153	157
Total deferred tax liability	**308**	**332**
Net deferred tax assets	**1,400**	**1,528**

18.9 Intangibles

(Rs. in millions)

Particulars	Gross block				Depreciation / Amortization				Net block
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	Charge for the year	Deletions	As at 31 March 2012	As at 31 March 2012
Intangible assets									
Application software*	899	110	-	1,009	766	109	-	875	134
Total	899	110	-	1,009	766	109	-	875	134
Previous year	**798**	**101**	**-**	**899**	**658**	**108**	**-**	**766**	**133**

* forms part of "Other fixed assets" in Schedule 10 to the financial statements.

18.10 Capital (Tier I) raised during the year 2011-12

a) During the year 2011-12, the Bank raised Tier I capital of Rs. 9,695 millions by way of Qualified Institutions Placement (QIP) and preferential allotment. Pursuant to the resolution passed by the Shareholders of the Bank through postal ballot, as per the results declared on 8 June 2011, the Bank allotted 15,000,014 equity shares of face value of Rs. 10/- each by way of Qualified Institutional Placement (QIP) to Qualified Institutional Buyers (QIBs) for cash at a price of Rs. 342.09/- and 13,257,349 equity shares of face value of Rs. 10/- each by way of preferential allotment to ING Group for cash at a price of Rs. 344.23/-, to augment the capital adequacy ratio of the Bank.

In relation to this capital raising, the Bank incurred expenses of Rs. 62 millions towards payment of commission to the Book Running Lead Managers which has been adjusted against the Securities Premium Account. However, on account of the restrictions placed by Section 13 of the Banking Regulation Act, 1949 on the quantum of commission that can be paid, the Bank has sought RBI's approval, which is awaited.

b) Dividend appropriation of Rs. 87 millions and dividend tax thereon of Rs. 12 millions represent, dividend and related dividend distribution tax for 2010-11 on the shares issued to Qualified Institutional Buyers and ING Group in June 2011 and shares issued under Employee Stock Options Schemes prior to the record date. This has been appropriated from carried forward profits relating to the previous year as per the shareholder's approval dated 7 September 2011.

18.11 Details of provisions

(Rs. in millions)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening balance	**405**	**428**
Additions during the year	87	41
Reversals during the year	89	63
Amounts used		1
Closing Balance	**403**	**405**

The above provisions include provisions made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.12 Off Balance Sheet Items

18.12.1 Derivative contracts

Interest Rate Swaps

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
The notional principal of swap agreements	207,217	185,427
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	964	986
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with banks (74%)	Predominantly with banks (73%)
The fair value of the swap book [asset / (liabilities)]	(182)	(257)

MTM netted off counterparty wise.

Forward Rate Agreements (FRA)

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
The notional principal of FRA Agreements	-	1,338
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	-	3
Collateral required by the bank upon entering into FRA	-	-
Concentration of credit risk arising from the FRA	-	Banks only (100%)
The fair value of the FRA book [asset / (liabilities)]	-	45.35

MTM netted off counterparty wise.

Derivatives: Currency Swaps

(Rs. in millions)

Particulars	As at 31 March 2012	As at 31 March 2011
The notional principal of swap agreements	67,443	61,309
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	4,131	3,188
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with Banks (73%)	Predominantly with Banks (86%)
The fair value of the swap book [asset / (liabilities)]	623	99

MTM netted off counter party wise.

The Bank enters into derivative contracts such as Interest Rate Swaps ("IRS"), Forward Rate Agreements ("FRA"), Currency Swaps ("CS") and option agreements. Notional amounts of principal outstanding in respect of IRS, FRA and CS as at 31 March 2012 is Rs. 274,660 millions (Previous year Rs. 248,073 millions).

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	106	44,915	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	93	36,674	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	27	9,250	MIFOR	Fixed Payable vs Floating Receivable
Trading	44	17,000	MIFOR	Fixed Receivable vs Floating Payable
	Total	**107,839**		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2011

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	110	35,250	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	102	34,050	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	30	10,250	MIFOR	Fixed Payable vs Floating Receivable
Trading	39	15,840	MIFOR	Fixed Receivable vs Floating Payable
	Total	**95,390**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2012

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	83	52,721	LIBOR	Fixed Payable vs Floating Receivable
Trading	95	51,044	LIBOR	Fixed Receivable vs Floating Payable
Trading	34	29,986	LIBOR	Floating Receivable vs Floating Payable
Trading	28	5,581	Principal	Fixed Payable
Trading	13	1,185	Principal	Fixed Receivable
Trading	15	5,770	Principal	Fixed Received vs Fixed Paid
Trading	41	5,277	Principal	Principal only Swaps
Trading	2	3,910	LIBOR	Floating Receivable vs Floating Payable
Trading	4	4,528	LIBOR	Fixed Payable vs Floating Receivable
Trading	7	6,820	Principal	Fixed Received vs Fixed Paid
	Total	**166,822**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2011

Nature	Number	Notional Principal (Rs. in millions)	Benchmark	Terms
Trading	87	48,044	LIBOR	Fixed Payable vs Floating Receivable
Trading	105	43,569	LIBOR	Fixed Receivable vs Floating Payable
Trading	40	30,264	LIBOR	Float Receivable vs Float Payable
Trading	8	6,112	Principal	Fixed Payable
Trading	3	347	Principal	Fixed Receivable
Trading	15	5,329	Principal	Fixed Received vs Fixed Paid
Trading	49	5,490	Principal	Principal only Swaps
Hedging	2	3,396	LIBOR	Float Receivable vs Float Payable
Hedging	4	3,959	LIBOR	Fixed Payable vs Floating Receivable
Hedging	7	6,173	Principal	Fixed Received vs Fixed Paid
	Total	**152,683**		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2012 is Rs. 442 millions (Previous year Rs. (158) millions), which represents the net mark to market profit/(loss) on swap contracts. As at 31 March 2012 the exposure to IRS, CS and FRA contracts is spread across industries. However based on notional principal amount the maximum single industry exposure lies with Banks at 80.97% (Previous year: 81.72%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of Rs. 2 millions (Previous year: Rs. 2 millions) on total Interest Rate Swap trading book including Rupee IRS, FX IRS, CS and FRA. Agreements are with Banks/ Financial Institutions and corporate under approved credit lines.

The fair value of the Option Book as at 31 March 2012 on a net basis is Rs. 146 millions. As at 31 March 2012 notional outstanding for outstanding option contracts is Rs. 33,150 millions (Previous year: Rs. 48,794 millions).

The fair value of the Exchange traded Options as at 31 March 2012 on a net basis is Rs. (1) millions. As at 31 March 2012 notional outstanding for outstanding Exchange traded option contracts is Rs, 1,635 millions (Previous year: NIL).

As at 31 March 2012 notional outstanding for outstanding Exchange traded currency futures is Rs. 5,606 millions (Previous year: NIL).

18.12.2 Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps

Exchange Traded Interest Rate Derivatives entered during the year ended 31 March 2012 amounts to Rs. 510 millions (Previous year: Nil). No Forward Rate Agreements and Currency Swaps were entered during the year ended 31 March 2012 (Previous year: Nil).

18.12.3 Risk exposure on derivatives

The Bank currently deals in various derivative products, i.e., Rupee and Foreign Currency Interest Rate Swaps, Currency Swaps and Currency and Cross-currency options. These products are offered to the Bank's customers to enable them to manage their exposure towards movement in foreign exchange rates or in Indian / foreign currency interest rates. The Bank also enters in to these derivative contracts (i) to cover its own exposures resulting either from the customer transactions or own foreign currency assets and liabilities or (ii) as trading positions.

The derivative contracts, as above, expose the Bank to risks such as credit risk and market risk. Credit risk implies probable financial loss the Bank may ultimately incur, if the counter parties fail to meet their obligations. Market risk deals with the probable loss the Bank may ultimately incur as a result of movements in exchange rates, benchmark interest rates, credit spreads etc., to the extent that the exposures are not fully covered by the Bank on a back-to-back basis or as hedge positions.

The Bank has established an organization structure to manage these risks that operates independent of

investment and trading activities. Management of these risks is governed by respective policies approved by the Board of Directors. While expanding relationship-banking activities, the Bank has put in place a credit policy by defining the internal risk controls. The policy incorporates the guidelines issued by the RBI from time to time and envisages methodologies of identification, quantification of risk on the basis of Loan Equivalent Factor, risk rating and mitigation of the credit concentration risk by stipulating counterparty wise as well as product wise exposure ceiling. ISDA agreements are entered into with counterparties. The Bank has evolved a similar policy for managing market risks through specific product mandates, limits on book sizes, stop loss limits, Value at Risk limits (VaR), Event Risk Analysis, counter party limits etc.

The Bank has also set up a Asset-Liability Management Committee ("ALCO") and a Risk Management Review Committee ("RMRC"), which monitor the risk on an integrated basis. The market risk and credit risk management teams monitor compliance with the policies on a continuous basis and there is a clearly defined procedure of reporting and ratification of any limit breaches for derivative products.

Quantitative disclosure:

(Rs. in millions)

Sl.No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	**15,258**	**13,528**	**-**	**-**
	b) For trading	**52,185**	**47,781**	**207,217**	**186,765**
(ii)	Marked to Market Positions				
	a) Asset (+)	**4,239**	**3,227**	**1,942**	**2,190**
	b) Liability (-)	**3,616**	**3,128**	**2,124**	**2,447**
(iii)	Credit Exposure	**8,763**	**8,723**	**3,625**	**4,004**
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives	**-**	**-**	**206**	**160**
	b) on trading derivatives	**3**	**20**	**32**	**1**
(v)	Maximum and Minimum of 100*PV01 #				
	a) on hedging				
	- Maximum	-		208	**334**
	- Minimum	-		150	156
	b) on trading				
	- Maximum	77	50	86	86
	- Minimum	0.01	0.01	0.01	0.04

Amounts stated are inclusive of impact of Currency swaps and Interest Rate Swaps and are stated at absolute values

* Does not include notional of Forward contracts and Currency options, trading or hedging.

18.13 Related party transactions

List of related parties

Related parties where control exists
ING Vysya Financial Services Limited – wholly owned subsidiary of the Bank.

Related parties with significant influence and with whom there are transactions during the year
ING Bank N.V. and its branches
ING Vysya Bank Staff Provident Fund
ING Vysya Bank Staff Gratuity Fund
ING Vysya Bank Superannuation Fund

ING Vysya Bank (Employees) Pension Fund

Key Management Personnel – Mr. Shailendra Bhandari - Managing Director & Chief Executive Officer (MD & CEO)
Relatives of Key Management Personnel - Rina Bhandari, Shiv Bhandari and Shirin Bhandari.

In accordance with para 5 of AS 18 – Related Party Disclosures, transactions in the nature of banker – customer relationship are not disclosed in respect of Key Management Personnel and relatives of Key Management Personnel.

(Rs. in millions)

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Investment in Tier I Bonds	Maximum - (-) Outstanding - (-)	Maximum 1,452 (1,202) Outstanding 1,296 (1,126)	- (-) - (-)	Maximum 1,452 (1,202) Outstanding 1,296 (1,126)
Investment in Tier II Bonds	Maximum - (-) Outstanding - (-)	Maximum 10 (10) Outstanding 10 (10)	- (-) - (-)	Maximum 10 (10) Outstanding 10 (10)
Investment in Upper Tier II Bonds	Maximum - (-) Outstanding - (-)	Maximum 4,378 (3,624) Outstanding 3,910 (3,396)	- (-) - (-)	Maximum 4,378 (3,624) Outstanding 3,910 (3,396)
Deposits kept with Bank including lease deposit	Maximum 87 (71) Outstanding 45 (30)	Maximum 603 (588) Outstanding 128 (588)	- (-) - (-)	Maximum 690 (660) Outstanding 173 (618)
Deposit kept with other banks	Maximum - (-) Outstanding - (-)	Maximum 1,360 (1,164) Outstanding 78 (15)	- (-) - (-)	Maximum 1,360 (1,164) Outstanding 78 (15)
Investment	Maximum 21 (21) Outstanding 21 (21)	Maximum - (-) Outstanding - (-)	- (-) - (-)	Maximum 21 (21) Outstanding 21 (21)
Borrowing	Maximum - (-) Outstanding - (-)	Maximum 23,089 (19,446) Outstanding 22,132 (19,446)	- (-) - (-)	Maximum 23,089 (19,446) Outstanding 22,133 (19,446)

(Rs. in millions)

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Call borrowing	Maximum - (-) Outstanding - (-)	Maximum - (918) Outstanding - (-)	- (-) - (-)	Maximum - (918) Outstanding - (-)
Lending	Maximum - (-) Outstanding - (-)	Maximum 4,070 (3,226) Outstanding 4,070 (1,784)	- (-) - (-)	Maximum 4,070 (3,226) Outstanding 4,070 (1,784)
Interest paid	2 (1)	2,379 (1,665)	- (-)	2,381 (1,666)
Interest received	- (-)	1,121 (588)	- (-)	1,121 (588)
Charges Paid	- (-)	- -	- (-)	- -
Interest accrued but not due (payable)	1 (1)	85 (58)	- (-)	86 (59)
Interest accrued but not due (receivable)	- (-)	- -	- (-)	- -
Dividend Received	2 (6)	- (-)	- (-)	2 (6)
Purchase of securities	- (-)	528 (491)	- (-)	528 (491)
Sale of securities	- (-)	2,704 (-)	- (-)	2,704 (-)
Reimbursement received	- (-)	16 (7)	- (-)	16 (7)
Reimbursement paid	- (-)	13 (22)	- (-)	13 (22)
Receiving of services	231 (408)	- (-)	- (-)	231 (408)
Receiving of services – outstanding	21 (48)	- (-)	- (-)	21 (48)
Contribution to employee welfare funds - Paid	- (-)	1,052 (933)	- (-)	1,052 (933)

(Rs. in millions)

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Contribution to employee welfare funds- Payable	- (-)	1,466 (725)	- (-)	1,466 (725)
Managerial	-	-	20	20

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
remuneration	(-)	(-)	(15)	(15)
Bank guarantees Received	- (-)	- (1,929)	- (-)	- (1,929)
Bank guarantees-Issued	- (-)	9,012 (-)	- (-)	9,012 (-)
Derivative transactions - notional outstanding	Maximum - (-) Outstanding - (-)	Maximum 96,105 (84,397) Outstanding 96,105 (82,385)	- (-) - (-)	Maximum 96,105 (84,397) Outstanding 96,105 (82,385)
Forward transactions	Maximum - (-) Outstanding - (-)	Maximum 15,352 (52,337) Outstanding 228 (11,516)	- (-) - (-)	Maximum 15,352 (52,337) Outstanding 228 (11,516)
Premium received	- (-)	- (3)	- (-)	- (3)
Premium paid	- (-)	- (16)	- (-)	- (16)
Commission received	- (-)	25 (11)	- (-)	25 (11)
Loss on Liquidation	- (-)	(12) -	- (-)	(12) -

During the year 2011-12, 0.13 millions (Previous Year: 0.70 millions) number of stock options under "ESOS 2010" scheme have been issued to the MD & CEO.

(Previous year's figures are given in parentheses)

18.14 Key Ratios

18.14.1 Capital Adequacy Ratio

Particulars	As at 31 March 2012	As at 31 March 2011
Tier I capital (Rs. in millions)	38,498	24,637
Tier II capital (Rs. in millions)	9,461	9,440
Total capital	**47,959**	**34,076**
Capital ratios		
Tier I capital (%)	11.23%	9.36%
Tier II capital (%)	2.77%	3.58%
Total capital (%)	**14.00%**	**12.94%**
Percentage of shareholding of the Government of India	-	-
Amount of Innovative Perpetual Debt Instrument (Rs. in millions)	1,296	1,126
Amount of subordinated debt outstanding as Tier II capital (Rs. in millions)	7,550	7,816

18.14.2 Business ratios and other information are set out below:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Interest Income as a percentage to working funds $	9.24%	7.49%
Non-interest income as a percentage to working funds	1.60%	1.82%
Operating profit as a percentage to working funds $	1.84%	1.77%
Return on assets @	1.09%	0.89%
usiness (Deposits plus advances) per employee # **(Rs. in millions)	56	67
Profit per employee # (Rs. in millions)	0.46	0.45

$ Working funds are reckoned as average of total assets as reported to RBI in Form X.

@ Return on assets is with reference to average working funds as reported to RBI in Form X.

Productivity ratios are based on year-end employee numbers.

** During 2011-12, sales team employees migrated from the Bank's subsidiary, ING Vysya Bank Financial Services Ltd. to the Bank. Excluding such employees, Business (Deposits plus advances) per employee for 2011-12 is Rs. 71 millions.

18.14.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2012	As at 31 March 2011
Earnings for the year (Rs. in millions)	4,563	3,186
Basic weighted average number of shares (Nos)	143,275,876	120,456,832
Basic EPS (Rs.)	31.85	26.45
Dilutive effect of stock options (Nos)	1,395,734	2,320,887
Diluted weighted average number of shares (Nos)	144,671,610	122,777,719
Diluted EPS (Rs.)	31.54	25.95
Nominal value of shares (Rs.)	10.00	10.00

18.15 Segmental Reporting:

Segment Information – Basis of preparation

As per the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007, the classification of exposures to the respective segments is being followed. The business segments have been identified and reported based on the organization structure, the nature of products and services, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment includes the net interest earnings on investments of the bank in sovereign bonds, corporate debt, mutual funds etc, income from trading, income from derivative and foreign exchange operations and the central funding unit.

(b) Retail Banking

The retail banking segment constitutes the business with individuals and small businesses through the branch network and other delivery channels like ATM, Internet banking etc. This segment raises deposits from customers, makes loans and provides fee based services to such customers. Exposures are classified under retail banking broadly taking into account the orientation criterion, the nature of product and exposures which are not exceeding Rs. 50 millions and in respect of customers where average turnover in the last 3 years does not exceed Rs. 500 millions. Revenue of the retail banking segment includes interest earned on retail loans, fees and commissions for banking and advisory services, ATM Fees etc. Expenses of this segment primarily comprise the interest expense on the retail deposits, personnel costs, premises and infrastructure expenses of the branch network and other delivery channels, other direct overheads and allocated expenses.

(c) Wholesale Banking

The wholesale banking segment provides loans and transaction services to large corporate, emerging corporate, institutional customers and those not classified under Retail. Revenue of the wholesale banking segment includes interest and fees earned on loans to customers falling under this segment, fees from trade finance activities and cash management services, advisory fees and income from foreign exchange and derivatives transactions. The principal expenses of the segment consist of personnel costs, other direct overheads and allocated expenses.

(d) Other Banking Operations

All Banking operations that are not covered under the above three segments.

(e) Unallocated

All items of which cannot be allocated to any of the above are classified under this segment. This also includes capital and reserves, debt classifying as tier I or tier II capital and other unallocable assets and liabilities.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue reduced by interest expense, operating expenses and provisions, if any, for that segment. Inter-segment revenue represents the transfer price paid/received by the central funding unit. For this purpose the present internal funds transfer pricing mechanism has been followed which calculates the charge based on yields benchmarked to an internally developed yield curve, which broadly tracks certain agreed market benchmark rates. Segment-wise income and expenses include certain allocations. The Retail banking and Wholesale banking segments allocate costs among them for the use of branch network etc. Operating costs of the common/shared segments are allocated based on agreed methodology which estimate the services rendered by them to the above four segments.

Geographic Segments

The Bank operates in one geographical segment i.e. Domestic.

Segment Results for the year ended 31 March 2012

(Rs. in millions)

Business Segments	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Particulars	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**
Result	1,044	2,974	2,524	-	6,542
Unallocated expenses					-
Operating Profit					6,542
Taxes					1,979
Extraordinary profit/loss					-
Net Profit					4,563
Other Information	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**	**As at 31 March 2012**
Segment Assets	164,184	177,825	122,492	-	464,501
Unallocated Assets					5,504
Total Assets					470,005
Segment Liabilities	52,461	138,140	215,175	-	405,776
Unallocated Liabilities					24,431

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**	**Year ended 31 March 2012**
Capital and Reserve & Surpluses					39,798
Total Liabilities					470,005

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

Segment Results for the year ended 31 March 2011

(Rs. in millions)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**
Result	770	2,533	1,536	-	4,839
Unallocated expenses					-
Operating Profit					4,839
Taxes					1,653
Extraordinary profit/loss					-
Net Profit					3,186
Other Information	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**
Segment Assets	138,282	149,051	98,022	-	385,355
Unallocated Assets					4,785
Total Assets					390,140
Segment Liabilities	37,368	117,079	185,990	-	340,437
Unallocated Liabilities					23,460
Capital and Reserve & Surpluses					26,243
Total Liabilities					390,140

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

18.16 Other Disclosures

18.16.1 Customer complaints and awards passed by Banking Ombudsman

1. Customer complaints:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
No. of complaints pending at the beginning of the year	44	80
No. of complaints received during the year	20,977	12,528

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
No. of complaints redressed during the year	20,882	12,564
No. of complaints pending at the end of the year	139	44

The above details are as certified by the management.

2. Awards passed by Banking Ombudsman:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
No. of unimplemented Awards at the beginning of the year	-	-
No. of Awards passed by Banking Ombudsman during the year	-	-
No. of Awards implemented during the year	-	-
No. of unimplemented Awards at the end of the year	-	-

The above details are as certified by the management.

18.16.2 Penalties levied by RBI on the Bank

RBI imposed an aggregate penalty of Rs. 1 millions vide its letter DBS.CO. FBMD.14714 / 17.04.009 / 2010.11 dated 26 April 2011 for non adherence to directions / guidelines issued by RBI while carrying out derivative transactions during 2006-07 and 2007- 08. The Bank paid the penalty on 3 May 2011.

18.16.3 Maturity profile of assets and liabilities

Maturity profile of assets and liabilities as at 31 March 2012 is set out below:

(Rs. in millions)

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	4,277	15,898	26,186	32,399	78,784	37,130	51,993	43,514	39,856	21,917	351,954
Advances	4,582	20,370	13,420	25,402	37,233	25,874	49,245	47,053	22,148	42,040	287,367
Investments	6,319	3,233	6,325	7,782	22,355	8,574	18,774	17,838	21,606	14,349	127,155
Borrowings	25	4,075	-	-	7,153	17,612	12,637	6,057	2,100	7,306	56,965
Foreign Currency assets	830	4,343	421	1,260	6,133	3,700	25	-	122	67	16,901
Foreign Currency liabilities	70	215	187	30	7,393	7,970	7,957	2,164	553	5,424	31,963

Classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the return (DSB 8 and 9) submitted to the RBI.

Maturity profile of assets and liabilities as at 31 March 2011 is set out below:

(Rs. in millions)

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	4,131	17,815	29,794	17,852	75,576	28,320	32,251	43,383	32,926	19,895	301,943
Advances	3,252	17,993	9,243	13,367	24,951	22,083	31,080	47,141	26,378	40,533	236,021
Investments	5,945	4,865	7,193	4,561	20,909	6,909	10,168	19,176	14,227	16,254	110,207
Borrowings	-	2,230	5,000	1,115	11,696	4,392	3,345	5,169	1,120	7,402	41,469
Foreign Currency assets	45	311	348	1,057	5,076	3,128	1,833	145	15	112	12,070
Foreign Currency liabilities	46	2,406	140	1,140	8,862	1,136	3,826	3,816	391	4,674	26,437

Classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the return (DSB 8 and 9) submitted to the RBI.

18.16.4 Letters of comforts issued by the Bank

The Bank has 641 (Previous year: 413) letter of comforts/ undertaking issued and outstanding as on 31 March 2012 amounting to Rs.17,653 millions (Previous year: Rs. 11,012 millions).

18.16.5 Draw down from Reserves

The Bank has utilized the securities premium account for meeting direct expenses of Rs. 73 millions relating to the QIP issue, as per the RBI mail box clarification dated 9 October 2007.

18.16.6 Fees/remuneration received from Bancassurance business:

(Rs. in millions)

Sr. No.	Nature of Income	Year ended 31 March 2012	Year ended 31 March 2011
1	For selling life insurance polices	742	685
2	For selling non life insurance polices	28	11
3	For selling mutual fund products	288	301
4	Others	31	29
	TOTAL	**1,089**	**1,026**

18.16.7 Previous year's figures

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's presentation.

Signatures to Schedules 1 to 18

Arun Thiagarajan **Chairman**	Shailendra Bhandari **Managing Director**	Aditya Krishna **Director**	Vaughn Richtor **Director**

Place: Mumbai
24 April 2012

To
The Members of
ING Vysya Bank Limited

1. We have audited the attached balance sheet of ING Vysya Bank Limited (the 'Bank') as at 31 March 2011 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956 (the 'Companies Act')

4. The reports on accounts of 49 branches audited by branch auditors, as submitted by the management of the Bank, have been dealt with in preparing our report in the manner considered appropriate by us.

5. Without qualifying our opinion, we draw attention to Note 18.3 to the financial statements, which describes deferment of pension liability relating to existing employees of the Bank arising out of the opening of the II Pension Option, to the extent of Rs. 744 millions pursuant to the exemption granted by the Reserve Bank of India to the Bank from application of the provisions of Revised Accounting Standard (AS) 15, Employee Benefits vide its letter to the Bank dated 8 April 2011 regarding Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment

6. 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 purposes of our audit and have found them to be satisfactory;

   b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;

   c) 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 proper returns adequate for the purposes of our audit have been received from branches not visited by us. The reports on the accounts of the branches audited by the branch auditors have been forwarded to us and have been appropriately dealt with;

   d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with audited returns received from the branches;

   e) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, read with guidelines issued by the Reserve Bank of India insofar as they apply to the Bank;

   f) On the basis of written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

   g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the

accounting principles generally accepted in India;

i. in case of the balance sheet, of the state of the affairs of the Bank as at 31 March 2011;

ii. in case of the profit and loss account, of the profit for the year ended on that date; and

iii. in case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.

Firm registration No.: 301003E
Chartered Accountants

Viren H. Mehta
Partner
Membership No.: 048749
Bangalore
20 April 2011

ANNEXURE I

SOLO BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	Schedule	31 March 2011	31 March 2010
Capital	1	1,210	1,200
Employees' Stock Options Outstanding (Net)		19	30
Reserves and Surplus	2	25,014	22,080
Deposits	3	301,943	258,653
Borrowings	4	41,469	36,714
Other Liabilities and Provisions	5	20,485	20,126
TOTAL		**390,140**	**338,803**
Cash and Balances with Reserve Bank of India	6	21,838	23,296
Balance with Banks and Money at call and short notice	7	3,376	6,975
Investments	8	110,207	104,729
Advances	9	236,021	185,072
Fixed Assets	10	5,028	4,959
Other Assets	11	13,670	13,772
TOTAL		**390,140**	**338,803**
Contingent Liabilities	12	584,087	741,338
Bills for collection		39,556	32,881
Significant accounting policies	17		
Notes on Accounts	18		

ANNEXURE II

SOLO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	Schedule	31 March 2011	31 March 2010
Interest Earned	13	26,941	22,329
Other Income	14	6,549	6,202
TOTAL		**33,490**	**28,531**
EXPENDITURE			
Interest Expended	15	16,875	14,031
Operating Expenses	16	10,260	8,081
Provisions and Contingencies		3,169	3,997
TOTAL		**30,304**	**26,109**
PROFIT / (LOSS)			
Net Profit/(Loss) for the period		3,186	2,422
Net Profit / (Loss) for the year		3,186	2,422
Add: Brought forward profit / (loss)		3,302	2,065
TOTAL		**6,488**	**4,487**
APPROPRIATIONS			
Transfer to statutory reserve		797	605
Transfer to capital reserve		76	70
Transfer to Revenue & other reserves		-	-
Transfer to / (from) Investment reserve		(110)	9
Transfer to Special Reserve (u/s 36 (1) (viii) of Income Tax Act, 1961)		130	150
Proposed dividend		363	300
Dividend tax		58	51
Balance carried to Balance Sheet		5,174	3,302
TOTAL		**6,488**	**4,487**
Earnings Per Share (Rs. Per Equity Share of Rs.10 each)			
Basic		26.45	21.61
Diluted		25.95	21.33
Number of shares used in computing Earnings Per Share			
Basic		120,456,832	112,066,989
Diluted		122,777,719	113,575,620

ANNEXURE III

SOLO CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
Net Profit before Tax and Extraordinary Items	4,839	3,715
Adjustments for:		
Depreciation charges	498	434
Employee compensation expense (ESOS)	(1)	3
Provision/write off of Advances	1,561	2,296
(Profit) / Loss on revaluation of investment	975	989
Provision for Standard Assets	157	-
Other Provisions	(214)	426
Lease Adjustment Account	(20)	(22)
(Profit)/Loss on Sale of Non banking Assets (net)	-	-
(Profit)/Loss on Sale of Assets (net)	(151)	(1)
(Profit)/Loss on foreign exchange revaluation	-	-
Dividend received from subsidiary/ others	(7)	(2)
Cash Generated from Operation	7,637	7,838
Less: Direct Taxes Paid	2,017	1,406
	5,620	**6,432**
Adjustments for:		
Decrease / (Increase) in Advances	(52,510)	(19,804)
Decrease / (Increase) in Other assets	467	5,205
Non-Banking Assets sold	-	66
Decrease/ (Increase) in Investments	(6,495)	(763)
Increase / (Decrease) in Deposits	43,289	9,758
Increase / (Decrease) in Other liabilities	388	(1,270)
Increase/ (Decrease) in Borrowings	-	-
Net Cash flow from / (used in) Operating Activities	**(9,241)**	**(376)**
Purchase of Fixed assets / leased assets	(797)	(1,018)
Sale of Fixed assets/ Leased assets	363	13
Dividend received from subsidiary/others	7	2
Net Cash flow used in Investing Activities	**(427)**	**(1,003)**
Proceeds from issue of shares	10	174
Share premium collected	197	4,039
Dividend Paid	(350)	(240)
Borrowings (including Subordinated Debt -Tier II Bonds and Innovative Perpetual Debt Instrument)	4,755	4,861
Net Cash Flow from Financing Activities	**4,612**	**8,834**
Net Increase/ (Decrease) in Cash and Cash Equivalents	**(5,056)**	**7,455**
Cash and Cash equivalents as at the beginning of the year (Including Money At Call and Short Notice)	**30,270**	**22,816**
Cash and Cash equivalents as at the end of the year (Including Money At Call and Short Notice)	**25,214**	**30,271**

ANNEXURE IV

SCHEDULES TO THE SOLO BALANCE SHEET AS AT

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
SCHEDULE I - CAPITAL		
AUTHORISED CAPITAL		
350,000,000 (Previous Year 350,000,000) Equity shares of Rs.10 each	3,500	3,500
100,000,000 (Previous Year 100,000,000) Preference shares of Rs.10 each	1,000	1,000
ISSUED CAPITAL		
121,275,144 (Previous Year 120,280,579)		
Equity shares of Rs.10 each	1,213	1,203
SUBSCRIBED AND CALLED UP CAPITAL		
120,986,738 (Previous Year 119,966,490)		
Equity shares of Rs.10 each fully called and paid up	1,210	1,200
TOTAL	**1,210**	**1,200**
SCHEDULE-2 RESERVES AND SURPLUS		
I. STATUTORY RESERVE		
Opening balance	3,700	3,094
Additions during the year	797	606
TOTAL (A)	**4,497**	**3,700**
II. CAPITAL RESERVE		
(a) Revaluation Reserve		
Opening balance	1,080	1,087
Less: Revaluation reserve reversed consequent to sale of assets/ transfer of assets	(31)	-
Less: Depreciation transferred to Profit and Loss Account	(7)	(7)
TOTAL (B)	**1,042**	**1,080**
(c) Others		
Opening balance	1,169	1,099
Add: Transfer from Profit and Loss Account	76	70
TOTAL (C)	**1,245**	**1,169**
TOTAL CAPITAL RESERVE (B+C)	**2,287**	**2,250**
III. SECURITIES PREMIUM		
Opening balance	11,846	7,789
Add: Additions during the year	208	4,095
Less: Deletions during the year	-	(38)
TOTAL (D)	**12,054**	**11,846**
IV. REVENUE AND OTHER RESERVES		
(a) SPECIAL RESERVE (u/s 36 (1) (viii) of Income Tax Act, 1961)		
Opening balance	317	167
Add: Additions during the year	130	150
TOTAL (E)	**447**	**317**
(b) Revenue Reserves		
Opening Balance	555	555
Add: Addition on consolidation of subsidiary	-	-
Less: AS 15 Transitional Liability	-	-
TOTAL (F)	**555**	**555**
(c) Investment Reserve		
Opening Balance	110	101
Add: Additions during the year	(110)	9
TOTAL (G)	**-**	**110**
TOTAL (IV) (E+F+G)	**1,002**	**982**
V. BALANCE IN SOLO PROFIT AND LOSS ACCOUNT (H)	5,174	3,302
TOTAL (I to V)	**25,014**	**22,080**

SCHEDULE 3 - DEPOSITS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
A I. Demand deposits		
i. From banks	1,819	1,930
ii. From others	49,253	38,991
II. Savings bank deposits	53,515	43,349
III. Term deposits		
i. From banks	61,027	51,995
ii. From others	136,329	122,388
TOTAL (I to III)	**301,943**	**258,653**
B. Deposits of branches in India	301,943	258,653
C. Deposits outside India	**-**	**-**
TOTAL	**301,943**	**258,653**

SCHEDULE 4 - BORROWINGS*

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Borrowings in India		
i. Reserve Bank of India	-	420
ii. Other banks	1,379	1,282
iii. Other institutions and agencies	16,122	21,080
II. Borrowings outside India	23,968	13,932
TOTAL (I to II)	**41,469**	**36,714**

Secured borrowings included in (I) and (II) above is NIL (31 March 2010: NIL and 31 March 2009: NIL)

* Includes Subordinated Debt (IPDI, Upper Tier II and Tier II Bonds) of Rs. 10,522 millions (31 March 2010: Rs. 10,037 millions)

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Bills payable	4,386	4,549
ii. Inter office adjustments (net)	288	96
iii. Interest accrued	1,626	1,411
iv. Provision against Standard Assets	1,165	1,008
v. Others (including provisions)	13,020	13,062
TOTAL (i to v)	**20,485**	**20,126**

SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Cash in hand (including foreign currency notes)	4,000	3,528
II. Balances with Reserve Bank of India		
i. In current account	17,838	19,768
ii. In other accounts		
TOTAL (I to II)	**21,838**	**23,296**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. In India		
i) Balances with banks		
a) In current accounts	1,057	1,342
b) In other deposit accounts	520	70
ii) Money at call and short notice		
a) With banks	-	-
b) With others	-	4,998
TOTAL (i to ii)	**1,577**	**6,410**
II. Outside India		
i) Balances with banks		
a) In current accounts	2	104
b) In other deposit accounts	-	-
ii) Money at Call and Short Notice		
a) With Banks	1,797	461
b) With Others	-	-
TOTAL (i to ii)	**1,799**	**565**
GRAND TOTAL (I to II)	**3,376**	**6,975**

SCHEDULE 8 - INVESTMENTS (NET)

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Investments in India		
i) Government securities ## ** $	81,916	81,938
ii) Other approved securities ##	-	1
iii) Shares	81	5
iv) Debentures and bonds	1,585	1,695
v) Subsidiaries/Joint Ventures	21	21
vi) Others @	26,604	21,069
TOTAL	**110,207**	**104,729**
II. Investments outside India	**-**	**-**
GRAND TOTAL	**110,207**	**104,729**
GROSS INVESTMENTS	110,561	104,770
Less: Depreciation/Provision for Investments	(354)	(41)
NET INVESTMENTS	**110,207**	**104,729**

Includes securities costing Rs. 70.8 millions (previous year Rs. 71.3 millions) pledged for availment of telegraphic transfer discounting facility

** Net of Repo borrowings of Rs.2,117 millions (Previous year Rs. NIL) under the liquidity adjustment facility in line with Reserve bank of India requirements.

$ Includes securities costing Rs.1253.2 millions (previous year Rs. 420.2 millions) pledged for margin requirement

@ Includes deposits with NABARD, NHB and SIDBI of Rs. 26,604.2 millions (previous year Rs 21,069.2 millions)

SCHEDULE 9 - ADVANCES (Net of provisions)

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
A. i) Bills purchased and discounted	6,133	9,379
ii) Cash credits, overdrafts and loans repayable on demand	79,751	51,499
iii) Term loans	150,137	124,194
TOTAL	**236,021**	**185,072**
B. i) Secured by tangible assets*	203,401	156,194
ii) Covered by Bank/Government guarantees	2,178	2,610
iii) Unsecured	30,442	26,268
TOTAL	**236,021**	**185,072**
*** Includes advances secured against book debts**		
C. I ADVANCES IN INDIA		
i) Priority sector	80,471	68,753
ii) Public sector	1	81
iii) Banks	23	27
iv) Others	155,526	116,211
II ADVANCE OUTSIDE INDIA	-	-
TOTAL	**236,021**	**185,072**

SCHEDULE 10 - FIXED ASSETS

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
I. Premises		
i) At cost as on 31 March of preceding year (31 March 2011: includes revaluation)	2,106	2,104
ii) Additions during the year	2,202	2
	4,308	2,106
iii) Deductions during the year	(219)	-
v) Depreciation to date	(332)	(271)
I A. Capital work in progress	-	2,017
TOTAL	**3,757**	**3,852**
II. Other Fixed Assets (Including Furniture and Fixtures)		
i) At cost as on 31 March of the preceding year	4,090	3,896
ii) Additions during the year	535	459
	4,625	4,355
iii) Deductions during the year	(53)	(265)
iv) Depreciation to date	(3,594)	(3,199)
II A. Capital work in progress	136	59
TOTAL	**1,114**	**950**
III. Lease Fixed Assets		
i) At cost as on 31 March of the preceding year	1,541	1,541
ii) Additions during the year	-	-
	1,541	1,541
iii) Deductions during the year	-	-
iv) Depreciation to-date	(1,415)	(1,395)
v) Add: Lease adjustment account	269	249
vi) Less: Provision / Write off of non performing assets	(238)	(238)
TOTAL	**157**	**157**
GRAND TOTAL (I to III)	**5,028**	**4,959**

SCHEDULE 11 - OTHER ASSETS

(Rs. in millions)

PARTICULARS		31 March 2011	31 March 2010
i	Inter-office adjustment (net)	-	-
ii.	Interest accrued	2,428	2,302
iii.	Tax paid in advance and tax deducted at source (net)	843	478
iv.	Stationery and stamps	11	5
v.	Non banking assets acquired in satisfaction of claims (net)	-	-
vi.	Others	10,388	10,987
	TOTAL	**13,670**	**13,772**

Includes deferred tax assets of Rs.1,529 millions (previous year Rs.1,762 millions)

SCHEDULE 12 - CONTINGENT LIABILITIES

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Claims against the bank not acknowledged as debts	50	54
ii. Liability for partly paid investments	-	-
iii. Liability on account of outstanding forward exchange contracts	220,160	288,901
iv. Liability on account of outstanding derivative contracts	296,867	400,064
v. Guarantees given on behalf of constituents in India	52,417	38,568
vi. Acceptances, endorsements and other obligations	13,786	12,824
vii. Other items for which the bank is contingently liable	807	927
TOTAL	**584,087**	**741,338**

SCHEDULES TO THE SOLO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

SCHEDULE 13 - INTEREST EARNED

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Interest/Discount on advances/bills	20,326	17,094
ii. Income on investments	6,463	5,179
iii. Interest on balances with RBI and other inter bank funds	21	13
iv. Others	131	43
TOTAL	**26,941**	**22,329**

SCHEDULE 14 - OTHER INCOME

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Commission, Exchange and Brokerage	4,189	3,490
ii. Profit/ (Loss) on sale of investments (net)	819	797
iii. Profit/ (Loss) on revaluation of investments (net)	-	-
iv. Profit/ (Loss) on sale of land, buildings and other assets (net)	151	1
v. Profit/ (Loss) on Exchange/ Derivative transactions (net)	1,021	1,033
vi. Income earned by way of dividends etc.from subsidiaries/companies and joint ventures abroad/in India	6	2
vii. Lease income	10	2
Add: Lease Equalisation	10	22
Less: Depreciation	(20)	(24)
viii. Miscellaneous income *#	363	879
TOTAL	**6,549**	**6,202**

* Includes prior period item of Rs. NIL (Previous year – Rs.307 millions) - refer note 18.17.7.

\# Includes recovery from written off accounts amounting to Rs.303 millions (previous year Rs. 420 millions)

SCHEDULE 15 - INTEREST EXPENDED

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Interest on Deposits	13,567	11,691
ii. Interest on Reserve Bank of India/Inter-Bank borrowings	478	130
iii. Others (including interest onTier II Bonds and IRS)	2,830	2,210
TOTAL	**16,875**	**14,031**

SCHEDULE 16- OPERATING EXPENSES

(Rs. in millions)

PARTICULARS	31 March 2011	31 March 2010
i. Payments and Provisions for Employees	6,056	4,288
ii. Rent, Taxes and Lighting	814	766
iii. Printing and Stationery	109	91
iv. Advertisement and Publicity	26	44
v. Depreciation on Bank's Property	477	410
vi. Director's Fees, Allowances & Expenses	5	6
vii. Auditors' Fees and Expenses (Including Branch Auditors)	7	7
viii. Law Charges	38	38
ix. Postage,Telegrams,Telephones	208	186
x. Repairs and Maintenance	277	242
xi. Insurance	258	258
xii. Other expenditure	1,985	1,745
TOTAL	**10,260**	**8,081**

SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

1 BACKGROUND

ING Vysya Bank Limited ("the Bank") was incorporated on 29 March 1930 and is headquartered in Bangalore. Subsequent to acquisition of stake in the Bank by ING Group N.V. in August 2002, the name of the Bank was changed from "Vysya Bank Limited" to "ING Vysya Bank Limited".

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles ("GAAP") in India and conform to the statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time to the extent they have financial statements impact and current practices prevailing within the banking industry in India. The financial statements comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable and current practices prevailing within the banking industry in India. The accounting policies have been consistently applied and except for the changes in accounting policy disclosed in these financial statements, are consistent with those used in the previous year.

3 USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

4 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

a. Income and expenditure is accounted on accrual basis except as stated below:

Interest on advances, securities and other assets classified as non-performing assets/ securities is recognized on realization in accordance with the guidelines issued by the RBI.

Processing fees collected on loans disbursed, along with related loan acquisition costs are recognized at the inception of the loan.

b. Income on assets given on lease

Finance income in respect of assets given on lease is accounted based on the interest rate implicit in the lease in accordance with the guidance note issued by the ICAI in respect of leases given up to 31 March 2001 and in accordance with AS 19 – "Leases" in respect of leases given from 1 April 2001.

c. Premium/discount on acquired loans

Premium paid/discount received on loans acquired under deeds of assignment are recognised in the profit and loss account in the year of such purchases.

d. Sale of investments

Realized gains on investments under Held To Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated, from the profit available for

appropriation, if any, to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

5 FOREIGN EXCHANGE TRANSACTIONS

a. Monetary assets and liabilities denominated in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the balance sheet date as notified by Foreign Exchange Dealers Association of India ("FEDAI") and resulting gains/losses are recognised in the profit and loss account.

b. Outstanding forward exchange contracts and bills are revalued on the balance sheet date at the rates notified by FEDAI and the resultant gain/ loss on revaluation is included in the profit and loss account.

c. Contingent liabilities denominated in foreign currencies are disclosed on the balance sheet date at the rates notified by FEDAI.

d. Derivative contracts including foreign exchange contracts which have overdue receivables which have remain unpaid for 90 days or more are classified as non-performing assets and provided for as per the extant master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning issued by RBI.

6 DERIVATIVE TRANSACTIONS

Derivative transactions comprise forwards, interest rate swaps, currency swaps, currency and cross currency options to hedge on-balance sheet assets and liabilities or to take trading positions.

Derivative transactions designated as "Trading" are Marked to Market ("MTM") with resulting gains/losses included in the profit and loss account and in other assets/other liabilities. Derivative transactions designated as "Hedge" are accounted for on an accrual basis.

7 INVESTMENTS

For presentation in the Balance sheet, investments (net of provisions) are classified under the following heads – Government securities, Other approved securities, Shares, Debentures and Bonds, Subsidiaries and Joint Ventures and Others, in accordance with Third Schedule to the Banking Regulation Act, 1949.

Valuation of investments is undertaken in accordance with the "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" issued by the RBI. For the purpose of valuation, the Bank's investments are classified into three categories, i.e. 'Held to Maturity', 'Held for Trading' and 'Available for Sale':

8 ADVANCES

Advances are classified into standard, sub-standard, doubtful and loss assets in accordance with the guidelines issued by RBI and are stated net of provisions made towards non-performing advances.

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and also encourage banks to make a higher provision based on sound commercial judgement. Non-performing advances are identified by periodic appraisals of the loan portfolio by management. In case of consumer loans, provision for NPAs is made based on the inherent risk assessed for the various product categories. The provisioning done is higher than the minimum prescribed under RBI guidelines.

As per RBI guidelines, a general provision at the rate of 0.40% is made on all the standard advances except for the following where provision is made at different rates

a) at 0.25% for loans to Small and Medium Enterprises and direct agricultural advances; and

b) at 1.00% on Commercial Real Estate (CRE) sector.

c) at 2.00% on housing loans at teaser rates.

Provision towards standard assets is shown separately in the Balance Sheet under Schedule-5 – "Other liabilities and Provisions".

9 FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation, with the exception of premises, which were revalued as at 31 December 1999, based on values determined by approved valuers.

Cost includes cost of purchase of the asset and all other expenditure in relation to its acquisition and installation and includes duties, taxes (excluding service tax), freight and any other incidental expense incurred on the asset before it is ready for commercial use.

Office Equipment (including Electrical and Electronic equipment, Computers, Vehicles and other Office Appliances) are grouped under Other Fixed Assets.

a. Depreciation on Premises is charged on straight line basis at the rate of 1.63% upto 31 March 2002 and at 2% with effect from 1 April 2002.

b. Additional depreciation on account of revaluation of assets is deducted from the current year's depreciation and adjusted in the Revaluation Reserve account.

Depreciation on the following items of Fixed Assets is charged over the estimated useful life of the assets on "Straight Line" basis. The rates of depreciation are:

i. Electrical and Electronic equipment – 20%

ii. Furniture and Fixtures – 10%

iii. Vehicles – 20%

iv. Computers and Software – 33.33%

v. ATMs and VSAT equipment – 16.66%

vi. Improvements to leasehold premises – amortised over the shorter of primary period of lease or estimated useful life of such assets, which is currently estimated at 6 years.

Depreciation on Leased Assets is provided on WDV method at the rates stipulated under Schedule XIV to the Companies Act, 1956.

Software whose actual cost does not exceed Rs. 100,000 and other items whose actual cost does not exceed Rs. 10,000 are fully expensed in the year of purchase.

Assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the date of disposal.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Profits on sale of fixed assets is first credited to profit and loss account and then appropriated to capital reserve.

10 IMPAIRMENT OF ASSETS

In accordance with AS 28 – Impairment of Assets, the Bank assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the cash generating unit. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. If at the balance sheet date, there is an

indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to a maximum of depreciated historical cost.

11 NON-BANKING ASSETS

Non-Banking assets acquired in settlement of debts /dues are accounted at the lower of their cost of acquisition or net realisable value.

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

13 EMPLOYEES' STOCK OPTION SCHEME

The Employee Stock Option Schemes provide for the grant of equity shares of the Bank to its employees. The Schemes provide that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

14 STAFF BENEFITS

The Bank provides for its Pension, Gratuity and Leave liability based on actuarial valuation done as per the Accounting Standard 15 (Revised).

i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity, Pension and Leave Encashment Liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Short term compensated absences are provided for based on estimates.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

15 TAXES ON INCOME

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

The Bank offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

16 NET PROFIT/(LOSS)

Net profit / (loss) disclosed in the profit and loss account is after considering the following:

- Provision/ write off of non-performing assets as per the norms prescribed by RBI;
- Provision for income tax and wealth tax;
- Depreciation/ write off of investments; and
- Other usual, necessary and mandatory provisions, if any.

17 EARNINGS PER SHARE ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

18 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Such provisions are not discounted to present value. A disclosure for a contingent liability is made when there is a possible obligation, or a present obligation where outflow of resources is not probable. Where 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 resource would be required to settle the obligation, the provision is reversed. The bank does not account for or disclose contingent assets, if any.

18 NOTES ON ACCOUNTS

18.1 Balancing of books and reconciliation

The Bank has completed its inter branch reconciliation. The reconciling items have been identified and elimination of reconciling items is in progress. Appropriate adjustments have been incorporated in the financial statements for the purpose of presentation.

Routine matching of select general ledger control account balances with subsidiary ledgers is in progress at few branches and is expected to be completed in due course with no material financial statement impact as on 31 March 2011.

18.2 Employee stock option scheme

ESOS 2002

The employee stock option scheme ("ESOS 2002" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 23 July 2001 and by the shareholders at the Annual General Meeting held on 29 September 2001. A total of 500,000 equity shares of Rs.10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme was in force. These options will vest over a period of five years from the date of grant i.e. 20% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. Consequent to the rights issue of the Bank during the financial year 2005-2006, appropriate adjustments were made to the number of outstanding options and initially fixed exercise price. ESOS 2002 was discontinued by the Bank in the Annual General Meeting held on 22 September 2005. No further options have been granted under this scheme.

The movement in ESOS 2002 during the year ended 31 March 2011 is as under:

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	480	97.50	60,305	97.34
Less: Options exercised during the year	-	-	57,555	97.45
Less: Options forfeited	480	97.50	2,270	97.50
Stock options outstanding at the end of the year	**-**	**-**	**480**	**97.50**

ESOS 2005

The employee stock option scheme ("ESOS 2005" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 27 July 2005 and by shareholders at the Annual General Meeting held on 22 September 2005. A total of 893,264 equity shares of Rs.10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme is in force. These options will vest over a period of four years from the date of grant i.e. 25% at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank. The board level committee in their meeting dated 25 October 2007 approved the grant of options under ESOS 2005 loyalty options scheme.

The movement in ESOS 2005 during the year ended 31 March 2011 is as under:

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options	430,864	170.13	681,465	168.87

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
outstanding at the beginning of the year				
Add: Options granted during the year	-	-	-	-
Less: Options exercised during the year	160,116	165.16	224,122	168.63
Less: Options forfeited	7,329	176.20	26,479	150.59
Stock options outstanding at the end of the year	**263,419**	**172.98**	**430,864**	**170.13**

ESOS 2007

The employee stock option scheme ("ESOS 2007" or "the scheme") of the Bank was approved by the Board of Directors in their meeting dated 7 March 2007 and by the shareholders through postal ballot meeting held on 11 May 2007. A total of 78,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme is in force. These options will vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movement in ESOS 2007 during the year ended 31 March 2011 is as under: -

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	6,994,599	243.81	5,108,366	219.55
Add: Options granted during the year	208,500	258.16	2,380,610	282.54
Less: Options exercised during the year	834,449	215.54	307,277	156.39
Less: Options forfeited	303,650	255.66	187,100	220.83
Stock options outstanding at the end of the year	**6,065,000**	**250.02**	**6,994,599**	**243.81**

ESOS 2010

The employee stock option scheme ("ESOS 2010" or "the scheme") of the Bank was approved by the Board of Directors at their meeting held on 29 April 2010 and by the shareholders at the last AGM held on 1 July 2010. A total of 1,15,00,000 equity shares of Rs. 10 each were earmarked under the scheme to be allotted during the period (extended or otherwise) in which the scheme is in force. These options vest over a period of three years from the date of grant i.e., 40% in 1st year; 30% in 2nd year and 30% in 3rd year at the end of each year from the date of grant. The vesting of options is linked to performance criteria and guidelines approved by the compensation committee of the Bank.

The movement in ESOS 2010 during the year ended 31 March 2011 is as under: -

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)

Particulars	Year ended 31 March 2011	Weighted Average Price (In Rs.)	Year ended 31 March 2010	Weighted Average Price (In Rs.)
Stock options outstanding at the beginning of the year	-	-	-	-
Add: Options granted during the year	3,677,500	358.57	-	-
Less: Options exercised during the year	-	-	-	-
Less: Options forfeited	82,000	349.15	-	-
Stock options outstanding at the end of the year	**3,595,500**	**358.78**	-	-

The details of exercise price for stock options outstanding as at 31 March 2011 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2005 Tranche I	92.59-136.47	49,989	3.07	122.43
ESOS 2005 (Loyalty Options)	184.82	213,430	3.15	184.82
ESOS 2007	114.20 - 380.40	6,065,000	4.54	250.02
ESOS 2010	349.15 - 403.95	3,595,500	6.32	358.78

The details of exercise price for stock options outstanding as at 31 March 2010 are:

Scheme	Range of exercise price (In Rs.)	Number of options outstanding	Weighted Average remaining contractual life of the options (in Years)	Weighted Average exercise price (In Rs.)
ESOS 2002 Tranche II	97.50	480	0.25	97.50
ESOS 2005 Tranche I	92.59 - 136.47	102,649	4.00	123.15
ESOS 2005 (Loyalty Options)	184.82	328,215	4.14	184.82
ESOS 2007	114.20 - 315.40	6,994,599	5.40	243.73

The weighted average share price for all options exercised during the year is Rs. 357.09 per share (Previous Year: Rs. 259.56).

Total employee compensation cost recognized, net of reversals for forfeitures, in Profit and Loss Account for the year ended 31 March 2011 is Rs. (1) millions (Previous year Rs. 4 millions). Total employee compensation cost outstanding as at 31 March 2011 Rs. 0.003 millions (Previous year: Rs. 0.055 millions).

All options under each scheme when exercised are settled through issue of equity shares.

The Bank follows the intrinsic method for valuing the stock options. The difference between employee compensation cost computed based on such intrinsic value and employee compensation cost that shall

have been recognised if fair value of options had been used is explained below:

Employee Compensation Cost

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Intrinsic Value	(1)	4
Fair value*	288	84
Excess to be Charged	**289**	**80**

Impact on Profit

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Net profit after tax	3,186	2,422
Less: Adjustment for additional charge due to Fair Value	289	81
Adjusted Profit	**2,897**	**2,341**

Impact on Earnings per share

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Declared in the financial Statements		
Basic (Rs.)	26.45	21.61
Diluted (Rs.)	25.95	21.33
Revised EPS		
Basic (Rs.)	24.05	20.89
Diluted (Rs.)	23.60	20.62

Significant assumptions: Weighted average information to estimate the fair value of options

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Risk free interest rate**	6.33% - 8.04%	7.72% - 7.74%	4.99% - 9.25%	6.49% - 7.60%
Expected Life (excluding vesting period)	1 Year	1 Year	1 Year	1 Year
Expected Volatility	31.62% - 47.40%	45.23%	36.71% - 51.58%	36.71%
The price of the underlying share in market at the time of option grant (as per NSE)	162.6 - 260.65	262.60	114.20-380.40	349.15 - 403.95

* The Black-Scholes Model is used to calculate a theoretical call price (ignoring dividends paid during the life of the option) using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.

** Risk free interest rate is taken from the rates given by Fixed Income Money Market and Derivatives Association of India (FIMMDA) for Government securities.

The call option values under Black- Scholes Model for option valuation under different schemes for outstanding options as on 31 March 2011 are:

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
Option price at the date of grant	59.37 - 180.50	119.70 - 135.55	36.25 - 153.16	90.44 - 160.94
Weighted average Fair Value of the options at the	82.06	128.94	98.35	115.85

Particulars	ESOS 2005		ESOS 2007	ESOS 2010
	Tranche I	Loyalty option		
date of grant				

18.3 Employee benefits

Provident fund plan

The Bank has a defined contribution plan in respect of provident fund. The contribution to the employees provident fund amounted to Rs. 110 millions for the year ended 31 March 2011 (Previous year Rs. 93 millions).

Gratuity, Pension and Leave Benefit plans

The Bank has defined benefit plans in respect of Gratuity, Pension and Leave Encashment. The Gratuity and Pension schemes are funded out of Trust fund set up for this purpose separately.

Reopening of Pension Option and amendment to the Payment of Gratuity Act, 1972

During the year, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result, the Bank has incurred an additional liability of Rs. 1,217 millions. Further, during the year, the limit of gratuity payable to the employees was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result the gratuity liability of the Bank has increased by Rs. 207 millions.

In terms of Revised Accounting Standard (AS) 15, Employee Benefits, the entire amount of Rs. 1,425 millions is required to be charged to the Profit and Loss Account. However, the Reserve Bank of India has vide their letter dated 8 April 2011 ("the RBI Letter") on Re-opening of Pension Option to Employees and Enhancement in Gratuity Limits – Prudential Regulatory Treatment, permitted the Bank to amortise the additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier as well as the enhancement in gratuity limits over a period of five years beginning with the financial year ending 31 March 2011 subject to a minimum of 1/5th of the total amount involved every year.

The Bank has during the current year taken in its Profit and Loss account the full impact of Rs. 287 millions on account of II Pension Option to retired/ separated employees as required by the RBI letter and Rs 207 millions on account of amendment to the Payment of Gratuity Act which is allowed to be amortized over a period of five years by the RBI Letter. Further, the Bank has provided Rs.186 millions representing one-fifth of the full impact of II Pension Option to the existing employees. In terms of the requirements of the RBI Letter, the balance impact of Rs. 744 millions on account of II Pension Option to existing employees shall be provided over the next four years.

Had the RBI Letter not been issued, the profit of the Bank would have been lower by Rs. 744 millions pursuant to application of the requirements of Revised AS 15.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

Profit and Loss account: - Net employee benefit expense (recognized in payment to and provision to employees)

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
1. Current service cost	94	51	277	141
2. Interest cost on benefit obligation	52	50	133	143
3. Expected return on plan assets	(62)	(54)	(165)	(111)
4. Net actuarial (gain)/ loss recognized in the year	86	(67)	1,213	163
5. Past service cost	207	45	-	-

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
6. Net expenses (1+2+3+4+5)	377	25	1,458*	335
Actual return on plan assets	**47**	**69**	1,064#	117

* In terms of the requirements of the RBI letter dated 8th April 2011, the Bank has provided Rs. 186 millions representing one-fifth of the full impact of Rs. 930 millions on account of II Pension Option to the existing employees. The balance impact of Rs. 744 millions on account of II Pension Option to existing employees shall be provided over the next four years.

\# Includes employee contribution of Rs. 160 millions and transfer of Bank's contribution to Provident fund amounting to Rs. 733 millions.

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
1. Current service cost	26	12	23	20
2. Interest cost on benefit obligation	32	28	15	15
3. Net actuarial (gain)/ loss recognized in the year	(7)	(0)	11	(40)
4. Past service cost	-	-	-	-
5. Net expenses (1+2+3+4)	51	40	49	(5)

Balance Sheet - Details of Provision for Gratuity, Pension and Leave

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Present value of obligation	965	669	3,684	2,046
Fair value of plan assets	(608)	(689)	(2,215)	(1,255)
Liability (Assets)	357	(21)	1,469	791
Liability (Asset) recognized in the Balance Sheet	357	(21)	1,469	791

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Present value of obligation	435	384	219	171
Fair value of plan assets	-	-	-	-
Liability (Assets)	435	384	219	171
Liability (Asset) recognized in the Balance Sheet	435	384	219	171

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Opening defined benefit obligation	669	608	2,046	1,887
Interest cost	52	50	133	143
Current service cost	94	51	277	141
Past service cost	207	45	-	-
Benefits paid	(128)	(32)	(883)	(294)
Actuarial (gains) / losses on obligation	71	(52)	2,112	169

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Closing defined benefit obligation	965	669	3,684	2,046

(Rs. in millions)

Particulars	Leave Encashment		Leave Availment	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Opening defined benefit obligation	384	343	171	176
Interest cost	32	28	15	15
Current service cost	26	12	23	20
Benefits paid	-	-	-	-
Actuarial (gains) / losses on obligation	(7)	(0)	11	(40)
Closing defined benefit obligation	435	383	220	171

Changes in the fair value of plan assets are as follows:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Opening fair value of plan assets	689	652	1,255	1,221
Expected return	61	54	165	111
Contributions by employer	-	-	780	211
Benefits paid	(128)	(32)	(883)	(294)
Actuarial gains / (losses)	(15)	15	899	6
Closing fair value of plan assets	608	689	2,215	1,255

Experience adjustments:

(Rs. in millions)

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Defined benefit obligations	965	669	3,684	2,046
Plan assets	608	689	2,215	1,255
(Surplus) / deficit	357	(21)	1469	791
Experience adjustments on plan liabilities	85	(36)	2,257	193
Experience adjustments on plan assets	(5)	14	908	(0)

(Rs. in millions)

Particulars	Leave encashment and availment	
	31 March 2011	31 March 2010
Defined benefit obligations	654	554
Plan assets	-	-
(Surplus) / deficit	654	554
Experience adjustments on plan liabilities	36	(31)
Experience adjustments on plan assets	-	-

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: -

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Investments with insurer	100%	0.90%	100%	100%
Investment in Government/ PSU bonds/securities	-	99.10%	-	-

Principal assumptions used in determining gratuity, pension & leave encashment obligations for the Bank's plans are shown below: -

Particulars	Gratuity		Pension	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Discount rate (%) p.a.	8.53	8.37	8.29	8.19
Expected rate of return on assets (%)	9.50	8.00	9.50	9.00
Employee turnover % p.a.	1 (IBA), 27 (Others)	1 (IBA), 25 (Others)	1 (IBA)	1 (IBA)

Particulars	Leave Encashment		Leave Availment	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Discount rate (%) p.a.	8.29	8.19	8.53	8.37
Expected rate of return on assets (%)	N.A.	N.A.	N.A.	N.A.
Employee turnover % p.a.	1 (IBA), 27 (Others)	1 (IBA), 25 (Others)	1 (IBA), 27 (Others)	1 (IBA), 25 (Others)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

With respect to defined benefit plans, the Bank is yet to determine the contributions expected to be paid to the plans during the annual period beginning 1 April 2011.

18.4 Provisions and contingencies debited to the profit and loss account include

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provision for income tax (including deferred tax)	1,650	1,291
Provision for wealth tax	2	2
Provision/ write off of non performing advances	1,561	2,296
Depreciation/ write off (write back) of investments (net)	12	(18)
Provision/ write off of non performing investments	43	-
Provision for standard assets	157	-
Provision for restructured advances	(204)	256
Others *	(53)	170
Total	**3,168**	**3,997**

* Includes provision made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.5 Provisions for income taxes during the year

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provision for income tax (including deferred tax)	1,650	1,291

18.6 Investments

18.6.1 Issuer composition of non SLR investments

The details relating to issuer composition of non- SLR investments as at 31 March 2011 are as follows:

(Rs. in millions)

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities**	Extent of 'unlisted' securities**
Public sector undertakings	42	42	-	-	-
Financial Institutions	26,604	26,604	-	-	-
Banks	484	223	-	-	-
Private Corporates	643	390	-	381	302
Subsidiaries/ Joint Ventures	21	21	-	21	21
Others *	824	824	-	-	824
Provision held towards depreciation	(327)	-	-	-	-
Total	**28,291**	**28,104**	**-**	**402**	**1,147**

* includes investments in Pass through certificates where the exposure is considered towards ultimate obligator/borrower.

** Deposits with NABARD and bonds with SIDBI and NHB have not been considered for the purpose of this disclosure.

The details relating to issuer composition of non- SLR investments as at 31 March 2010 are as follows:

(Rs. in millions)

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities**	Extent of 'unlisted' securities**
Public sector undertakings	566	566	-	-	-
Financial Institutions	21,069	21,069	-	-	-
Banks	-	-	-	-	-
Private Corporates	5	5	-	5	5
Subsidiaries/ Joint Ventures	21	21	-	21	21
Others *	1,146	1,146	-	-	1,146
Provision held towards depreciation	(18)				
Total	**22,789**	**22,807**	**-**	**26**	**1,172**

* includes investments in Pass through certificates where the exposure is considered towards ultimate obligator/borrower

** Deposits with NABARD and bonds with SIDBI and NHB have not been considered for the purpose of this disclosure.

18.6.2 Non-performing non SLR investments

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	-	-
Additions during the year	300	-

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Reduction during the year	-	-
Closing balance	300	-
Total provisions held	300	-

18.6.3 Repo transactions

The details relating to repo transactions during the year ended 31 March 2011 are as follows:

(Rs. in millions)

Issuer	Minimum outstanding during the year *	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2011
Securities sold under repos #	525	22,050	10,210	2,100
Government securities	525	22,050	10,210	2,100
Corporate debt securities	-	-	-	-
Securities purchased under reverse repos #	-	-	-	-
Government securities	-	-	-	-
Corporate debt securities	-	-	-	-

* Minimum outstanding during the year excludes days with nil outstanding positions.
\# Current year's figures are inclusive of LAF Repo Margin.

The details relating to repo transactions during the year ended 31 March 2010 are as follows:

(Rs. in millions)

Issuer	Minimum outstanding during the year *	Maximum outstanding during the year	Daily average outstanding during the year	As at 31 March 2010
Securities sold under repos	-	-	-	-
Government securities	-	-	-	-
Corporate debt securities	-	-	-	-
Securities purchased under reverse repos	1,500	18,000	5,986	-
Government securities	1,500	18,000	5,986	-
Corporate debt securities	-	-	-	-

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

18.6.4 Value of Investments

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Gross value of Investments		
a. In India	110,561	104,770
b. Outside India	-	-

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provisions for depreciation		
a. In India	354	41
b. Outside India	-	-
Net value of Investments		
a. In India	110,207	104,729
b. Outside India	-	-

18.6.5 Movement of provisions held towards depreciation on investments

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	41	59
Add: Provisions made during the year	313	-
Less: Write-off/write-back of excess provisions during the year	-	18
Closing balance	**354**	**41**

18.7 Advances

18.7.1 Information with respect to loan assets subjected to restructuring

(a) Particulars of assets restructured:

(Rs. in millions)

Particulars		CDR Mechanism		SME Debt restructuring		Others	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Standard advances restructured	No. of Borrowers	2	2	-	-	1	13
	Amount outstanding	262	1,347	-	-	20	998
	Sacrifice*	38	200	-	-	1	5
Sub standard advances restructured	No. of Borrowers	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-
	Sacrifice*	-	-	-	-	-	-
Doubtful advances restructured	No. of Borrowers	1	-	-	-	-	1
	Amount outstanding	359	-	-	-	-	398
	Sacrifice*	-	-	-	-	-	37
Total	**No. of Borrowers**	**3**	**2**	**-**	**-**	**1**	**14**
	Amount outstanding	**621**	**1,347**	**-**	**-**	**20**	**1,396**
	Sacrifice*	**38**	**200**	**-**	**-**	**1**	**42**

* Sacrifice is diminution in the fair value

18.7.2 Concentration of advances*

(Rs. in millions)

Particulars	31 March 2011	31 March 2010
Total advances to twenty largest borrowers	72,158	46,777
Percentage of advances to twenty largest borrowers to total	14.07%	11.81%

Particulars	31 March 2011	31 March 2010
advances of the bank		

* Advances are computed as per the definition of credit exposure including derivatives furnished in RBI master circular on exposure norms DBOD.No.Dir.BC.14/13.03.00/2010-11 dated 1 July 2010.

The bank has compiled the data for the purpose of this disclosure from its internal MIS system which have been relied upon by the auditors.

18.7.3 Concentration of exposures*

(Rs. in millions)

Particulars	31 March 2011	31 March 2010
Total exposures to twenty largest borrowers / customers	72,158	46,777
Percentage of exposures to twenty largest borrowers / customers to total exposures of the bank on borrowers / customers	14.02%	11.76%

* Exposures is computed based on credit and investment exposure as prescribed in RBI master circular on exposure norms DBOD.No.Dir.BC.14/13.03.00/2010-11 dated 1 July 2010.

The bank has compiled the data for the purpose of this disclosure from its internal MIS system which have been relied upon by the auditors.

18.7.4 Concentration of NPAs

(Rs. in millions)

Particulars	31 March 2011	31 March 2010
Total exposure to top four NPA accounts	1,952	1,716

18.7.5 Sector wise NPAs: Percentage of NPA to total Advances to that sector

Particulars	31 March 2011	31 March 2010
Agriculture and allied activities	2.96%	2.45%
Industry (Micro & small, medium and large)	2.63%	7.00%
Services	0.94%	1.50%
Personal Loans	51.54%	31.05%

Above information is provided as per the internal classification by management. The same has been relied upon by the auditors.

18.7.6 Movement of NPAs

(Rs. In millions)

Particulars	31 March 2011	31 March 2010
Gross NPAs* as on 1 April 2010	**2,345**	2,094
Additions (fresh NPAs) during the year	2,360	4,100
Total (A)	**4,705**	**6,194**
Less:-		
(i) Upgradations	140	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,450	1,553
(iii) Write- offs (including technical write offs)	1,561	2,296
Total (B)	**3,151**	**3,849**
Gross NPA as on 31 March 2011 (A-B)	**1,554**	**2,345**

* Gross NPAs as per item 2 of Annex to DBOD.BP.BC.No. 46/21.04.048/2009-10 dated September 24, 2009.

18.7.7 Movement in NPAs is set out below

(Rs. In millions)

Particulars	Gross*	Net
Opening balance as on 1 April 2009	**2,094**	**2,004**
Additions during the year ended 31 March 2010	4,100	4,100
Reductions (including write offs) during the year ended 31 March 2010	3,849	3,886
Closing balance as on 31 March 2010	**2,345**	**2,218**
NPAs to advances (%)#		1.20
Provisioning Coverage Ratio (%)#		60.19
Additions during the year ended 31 March 2011	2,360	2,360
Reductions (including write offs) during the year ended 31 March 2011	3,151	3,661
Closing balance as on 31 March 2011	**1,554**	**917**
NPAs to advances (%)#		**0.39**
Provisioning Coverage Ratio (%)#		83.41

* After considering technical write off

\# Provision held against the NPA sold of Rs. 51 millions and Rs. 1 millions during the year 2006-07 & 2007-08 respectively has not been reversed to profit and loss account in view of RBI Circular No DBOD.No.BP.BC.16/21.04.048/2005 dated 13 July 2005 and is retained as provision for NPA to be utilized to meet the shortfall / loss on account of sale of other non performing financial assets.

18.7.8 Movement in provisions for NPA

(Rs. In millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	-	-
Additions during the year	1,561	2,296
Technical write-offs/write backs during the year	1,561	2,296
Closing Balance	**-**	**-**

18.7.9 Details of Unsecured Advances:

Under unsecured loans, amount of advances for which intangible securities such as charge over the rights, licenses, authority etc are accepted as collaterals is Nil.

18.7.10 Floating provision

The Bank has not created any floating provision.

18.7.11 Provisions on standard asset

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Provision towards standard assets during the year	157	-
Cumulative provision for standard assets as at year end	1,165	1,008

Provisions towards standard assets are included in "Other Liabilities and Provisions" in Schedule 5 to the balance sheet.

18.7.12 Overseas Assets, NPAs and Revenue

There are Nil overseas assets (Previous year – Nil) and Nil overseas revenue (Previous year – Nil) for the Bank during the year ended 31 March 2011.

18.7.13 Purchase/ sale of non performing assets

No NPA accounts were purchased during the year ended 31 March 2011 (Previous year – Nil).

Details of non performing financial assets sold:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
No. of accounts sold*	1	-
Aggregate outstanding, net of provisions/ write offs (Rs. in millions)	-	-
Aggregate consideration received (Rs. in millions)	15	-

18.7.14 Sale of financial assets to Securitisation / Reconstruction Company for Asset Reconstruction:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Total number of accounts	2	-
Total number of transactions	2	-
Book value (net of provisions) of accounts sold (Rs. in millions)	133	-
Aggregate consideration received (Rs. in millions)	135	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/ (loss) over net book value (Rs. in millions)	2	-

Contribution Agreement

The Bank invests in SPVs through contribution agreements and such amounts invested are recorded as loans and advances. The interest is recognised based on net yields on these transactions.

18.7.15 Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

There are no off balance sheet SPVs sponsored by the Bank.

18.7.16 (a) Exposure to capital market

(Rs. in millions)

Sl. No.	Particulars	As at 31 March 2011	As at 31 March 2010
(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;	81	5
(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;	2,047	2,016
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by 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 Rs. does not fully cover the advances;	3	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	182	859
(vi)	loans sanctioned to corporates against 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;	-	-

Sl. No.	Particulars	As at 31 March 2011	As at 31 March 2010
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	underwriting commitments taken up by 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)	-	-
Total Exposure to Capital Market		**2,313**	**2,880**

Point (ii) above includes loans to investment companies amounting to Rs. 2,000 millions (Previous year: Rs. 2,000 millions) secured by bank deposits.

(b) Exposure to real estate sector

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
(a) Direct exposure		
(i) Residential mortgages (fully secured)		
Individual housing loans up to 20 lakhs	9,785	8,938
Others	33,738	28,340
(ii) Commercial real estate		
Fund Based	10,582	9,595
Non- Fund Based	456	635
(iii) Investment in mortgage backed securities and other securitised exposures		
a. Residential	824	1,405
b. Commercial real estate	-	-
(b) Indirect exposure		
Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	3,330	7,024
Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total	**58,715**	**55,937**

18.7.17 Prudential exposure limits – quantitative disclosures

Details of credit exposures where the Bank has exceeded the prudential exposure during the year ended 31 March 2011:

(Rs. in millions)

Name of the borrower	Exposure ceiling	Limits sanctioned	Maximum amount outstanding during the year	Outstanding balance as at 31 March 2011	Exposure as a % of capital funds
Sistema Shyam Teleservices Ltd	6,110	7,200	6,986	6,975	23.57%

Name of the borrower	Exposure ceiling	Limits sanctioned	Maximum amount outstanding during the year	Outstanding balance as at 31 March 2011	Exposure as a % of capital funds
Unitech Wireless (Tamilnadu) Pvt. Ltd	6,110	7,600	7,632	7,632	24.98%

Details of credit exposures where the Bank has exceeded the prudential exposure during the year ended 31 March 2010:

(Rs. in millions)

Name of the borrower	Exposure ceiling	Limits sanctioned	Maximum amount outstanding during the year	Outstanding balance as at 31 March 2010	Exposure as a % of capital funds
Borrower – 1	3,844	5,110	1,260	278	19.94%
Borrower – 2	3,844	4,000	2,827	529	15.61%

In the case of above two borrowers, the consent from the borrowers has not been received. However, in the case of borrower-1 the limit was subsequently modified during the year bringing the exposure within the prudential exposure limits.

18.7.18 Risk category wise country exposure

As per the RBI guidelines, the country exposure of the Bank is categorized into various risk categories and depending on the risk category, the banks are required to make provision where net funded exposure to any country exceeds 1% of banks assets. As on the 31 March 2011 net funded exposure to no country has exceeded 1% of total assets of the bank (Previous year – Nil).

18.7.19 Concentration of Deposits

(Rs. in millions)

Particulars	31 March 2011	31 March 2010
Total deposits of twenty largest depositors	72,273	63,255
Percentage of Deposits of twenty largest depositors to Total deposits of the bank	23.94%	24.46%

18.8 Fixed Assets

18.8.1 Capital work in progress

The Capital work in progress (Premises) Nil (Previous year Rs. 2,017 millions) includes Nil (Previous year Rs. 1,322 millions) towards the lease premium paid to Mumbai Metropolitan Regional Development Authority (MMRDA) in connection with the lease of land. During the current year, the Bank has completed construction of the building and executed lease agreement with MMRDA. Consequently, the entire amount of capital work in progress including the lease premium has been capitalized in the current year.

18.8.2 Leases

Operating leases

The Bank has commitments under long-term non-cancellable operating leases primarily for premises. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases:

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
Not later than one year	41	67
Later than one year and not later than five years	46	15
Later than five years	-	-
Total minimum lease rental commitments	**87**	**82**

Additionally, the Bank also leases office / branch premises under cancellable operating lease agreements. Total lease rental expenditure under cancellable and non-cancellable operating leases debited to profit and loss account in the current year is Rs. 588 millions (Previous year: Rs. 562 millions).

Finance leases

The Bank has taken no assets under finance leases / hire purchases.

18.9 Deferred taxes

In accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India (ICAI) and notified by Companies Accounting Standard Rules, 2006, provision for taxation for the year is arrived at after considering deferred tax charge of Rs. 233 millions (Previous year Rs. (283) millions) for the current year.

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
Deferred tax assets		
on account of provisions	567	831
on leave encashment	217	189
on investments	951	869
on pension fund	125	169
Total deferred tax asset	**1,860**	**2,058**
Deferred tax liabilities		
on depreciation on fixed assets	175	135
on bad debts claim	157	161
Total deferred tax liability	**332**	**296**
Net deferred tax assets	**1,528**	**1,762**

18.10 Intangibles

(Rs. in millions)

Particulars	Gross block				Depreciation / Amortization				Net block
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	As at 1 April 2010	Charge for the year	Deletions	As at 31 March 2011	As at 31 March 2011
Intangible assets									
Application software*	798	101	-	899	658	108	-	766	133
Total	798	101	-	899	658	108	-	766	133
Previous year	**652**	**145**	**-**	**798**	**540**	**118**	**-**	**658**	**140**

* forms part of "Other fixed assets" in Schedule 10.

18.11 Capital (Tier I) raised during the year 2009 – 10

During the year 2009 - 10 the Bank had raised Tier I capital of Rs. 4,159 millions by way of Qualified Institutions Placement (QIP) and preferential allotment. The Bank had incurred expenses of Rs. 32 millions towards payment of commission to the Book Running Lead Managers in connection with the QIP and had adjusted this amount against Securities Premium Account. However on account of the restrictions placed by Section 13 of the Banking Regulation Act, 1949 on the quantum of commission that can be paid, the Bank had sought RBI's approval, which is awaited.

18.12 Details of provisions

(Rs. in millions)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Opening balance	**428**	318
Additions during the year	41	145
Reversals during the year	63	34
Amounts used	1	1
Closing Balance	**405**	**428**

The above provisions include provisions made on account of frauds, legal claims, operational losses and other items of similar nature. These provisions would be utilized/released upon settlement.

18.13 Off Balance Sheet Items

18.13.1 Derivative contracts

Interest Rate Swaps

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
The notional principal of swap agreements	185,427	201,933
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	986	1,294
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with banks (73%)	Predominantly with banks (76%)
The fair value of the swap book [asset / (liabilities)]	(257)	(38)

MTM netted off counterparty wise.

Forward Rate Agreements (FRA)

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
The notional principal of FRA Agreements	1,337,885	898,000
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	2,693	146
Collateral required by the bank upon entering into FRA	-	-
Concentration of credit risk arising from the FRA	Banks only (100%)	Banks only (100%)
The fair value of the FRA book [asset / (liabilities)]	45.35	11.43

MTM netted off counterparty wise.

Derivatives: Currency Swaps

(Rs. in millions)

Particulars	As at 31 March 2011	As at 31 March 2010
The notional principal of swap agreements	61,309	60,053
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements #	3,188	1,782
Collateral required by the bank upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	Predominantly with Banks (86%)	Predominantly with Banks (74%)
The fair value of the swap book [asset / (liabilities)]	99	16

MTM netted off counter party wise.

The Bank enters into derivative contracts such as Interest Rate Swaps ("IRS"), Forward Rate Agreements ("FRA"), Currency Swaps ("CS") and option agreements. Notional amounts of principal outstanding in respect of IRS, FRA and CS as at 31 March 2011 is Rs. 248,073 millions (Previous year Rs. 262,883 millions).

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2011

Nature	Number	Notional Principal (Rs. In millions)	Benchmark	Terms
Trading	110	35,250	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	102	34,050	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	30	10,250	MIFOR	Fixed Payable vs Floating Receivable
Trading	39	15,840	MIFOR	Fixed Receivable vs Floating Payable
	Total	**95,390**		

Indian Rupee – Interest Rate Swaps for the year ended 31 March 2010

Nature	Number	Notional Principal (Rs. In millions)	Benchmark	Terms
Trading	103	35,250	NSE MIBOR	Fixed Payable vs Floating Receivable
Trading	126	57,221	NSE MIBOR	Fixed Receivable vs Floating Payable
Trading	29	9,500	MIFOR	Fixed Payable vs Floating Receivable
Trading	35	13,840	MIFOR	Fixed Receivable vs Floating Payable
	Total	**115,811**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2011

Nature	Number	Notional Principal (Rs. In millions)	Benchmark	Terms
Trading	87	48,044	LIBOR	Fixed Payable vs Floating Receivable
Trading	105	43,569	LIBOR	Fixed Receivable vs Floating Payable
Trading	40	30,264	LIBOR	Float Receivable vs Float Payable
Trading	8	6,112	Principal	Fixed Payable
Trading	3	347	Principal	Fixed Receivable
Trading	15	5,329	Principal	Fixed Received vs Fixed Paid
Trading	49	5,490	Principal	Principal only Swaps
Hedging	2	3,396	LIBOR	Float Receivable vs Float Payable
Hedging	4	3,959	LIBOR	Fixed Payable vs Floating Receivable

Nature	Number	Notional Principal (Rs. In millions)	Benchmark	Terms
Hedging	7	6,173	Principal	Fixed Received vs Fixed Paid
	Total	**152,683**		

Foreign currency - Interest Rate Swaps, Currency Swaps and Forward Rate Agreements for the year ended 31 March 2010

Nature	Number	Notional Principal (Rs. In millions)	Benchmark	Terms
Trading	81	47,454	LIBOR	Fixed Payable vs Floating Receivable
Trading	88	42,265	LIBOR	Fixed Receivable vs Floating Payable
Trading	39	28,859	LIBOR	Float Receivable vs Float Payable
Trading	6	4,073	Principal	Fixed Payable
Trading	2	676	Principal	Fixed Receivable
Trading	12	4,526	Principal	Fixed Received vs Fixed Paid
Trading	41	12,331	Principal	Principal only Swaps
Hedging	2	3,032	LIBOR	Float Receivable vs Float Payable
Hedging	4	3,857	LIBOR	Fixed Payable vs Floating Receivable
	Total	**147,073**		

The fair value of Rupee and FX IRS, CS and FRA contracts as at 31 March 2011 is Rs. (158) millions (Previous year Rs. (22) millions), which represents the net mark to market loss on swap contracts. As at 31 March 2011 the exposure to IRS, CS and FRA contracts is spread across industries. However based on notional principal amount the maximum single industry exposure lies with Banks at 81.72% (Previous year: 74.76%). In case of an upward movement of one basis point in the benchmark interest rates, there will be a positive impact of Rs. 2 millions (Previous year: Rs. 1 millions) on total Interest Rate Swap trading book including Rupee IRS, FX IRS, CS and FRA. Agreements are with Banks/ Financial Institutions and corporate under approved credit lines.

The fair value of the Option Book as at 31 March 2011 on a net basis is Rs. 7 millions. As at 31 March 2011 notional outstanding for outstanding option contracts is Rs. 48,794 millions (Previous year: Rs 137,181 millions).

18.13.2 Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps

No Exchange Traded Interest Rate Derivatives, Forward Rate Agreements and Currency Swaps were entered during the year ended 31 March 2011 (Previous year: Nil).

18.13.3 Risk exposure on derivatives

The Bank currently deals in various derivative products, i.e., Rupee and Foreign Currency Interest Rate Swaps, Currency Swaps, Forward Rate Agreement, Currency and Cross Currency options. These products are offered to the Bank's customers to enable them to manage their exposure towards movement in foreign exchange rates or in Indian / foreign currency interest rates. The Bank also enters into these derivative contracts (i) to cover its own exposures resulting either from the customer transactions or own foreign currency assets and liabilities or (ii) as trading positions.

The derivative contracts, as above, expose the Bank to risks such as credit risk and market risk. Credit risk implies probable financial loss the Bank may ultimately incur, if the counter parties fail to meet their obligations. Market risk deals with the probable loss the Bank may ultimately incur as a result of movements in exchange rates, benchmark interest rates; credit spreads etc., to the extent that the exposures are not fully covered by the Bank on a back-to-back basis or as hedge positions.

The Bank has established an organization structure to manage these risks that operates independent of investment and trading activities. Management of these risks is governed by respective policies approved by the Board of Directors. While expanding relationship-banking activities, the Bank has put in place a credit policy by defining the internal risk controls. The policy incorporates the guidelines issued by the RBI from time to time and envisages methodologies of identification, quantification of risk

on the basis of Loan Equivalent Factor, risk rating and mitigation of the credit concentration risk by stipulating counterparty wise as well as product wise exposure ceiling. ISDA agreements are entered into with counterparties. The Bank has evolved a similar policy for managing market risks through specific product mandates, limits on book sizes, stop loss limits, Value at Risk limits (VaR), Event Risk Analysis, counter party limits etc.

The Bank has also set up an Asset-Liability Management Committee ("ALCO") and a Risk Management Review Committee ("RMRC"), which monitor the risk on an integrated basis. The market risk and credit risk management teams monitor compliance with the policies on a continuous basis and there is a clearly defined procedure of reporting and ratification of any limit breaches for derivative products.

Quantitative disclosure:

(Rs. in millions)

Sl. No	Particulars	Currency derivatives		Interest rate derivatives	
		As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
(i)	Derivatives (Notional Principal Amount) *				
	a) For hedging	13,528	6,889	-	-
	b) For trading	47,781	53,164	186,765	202,831
(ii)	Marked to Market Positions				
	a) Asset (+)	3,227	2,307	2,190	2,489
	b) Liability (-)	3,128	2,291	2,447	2,527
(iii)	Credit Exposure	8,723	7,897	4,004	4,402
(iv)	Likely impact of one percentage change in interest rate (100*PV01) #				
	a) on hedging derivatives			160	192
	b) on trading derivatives			21	(79)
(v)	Maximum and Minimum of 100*PV01 #				
	a) on hedging				
	- Maximum			334	446
	- Minimum			156	191
	b) on trading				
	- Maximum			51	121
	- Minimum			(95)	66

Amounts stated are inclusive of impact of Currency swaps and Interest Rate Swaps and are stated at absolute values

* Does not include notional of Forward contracts and Currency options, trading or hedging.

18.14 Related party transactions

List of related parties

Related parties where control exists
ING Vysya Financial Services Limited – wholly owned subsidiary of the Bank.

Related parties with significant influence and with whom there are transactions during the year
ING Bank N.V. and its branches
ING Vysya Bank Staff Provident Fund
ING Vysya Bank Staff Gratuity Fund
ING Vysya Bank Superannuation Fund
ING Vysya Bank (Employees) Pension Fund

Key Management Personnel – Mr. Shailendra Bhandari - Managing Director & Chief Executive Officer (MD & CEO)

The above list does not include the related parties, which are having transactions with the Bank by way of deposit accounts.

(Rs. in millions)

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
Investment in Tier I Bonds	Maximum - (-) Outstanding - (-)	Maximum 1,202 (1,005) Outstanding 1,126 (1,005)	- (-) - (-)	Maximum 1,202 (1,005) Outstanding 1,126 (1,005)
Investment in Tier II Bonds	Maximum - (-) Outstanding - (-)	Maximum 10 (10) Outstanding 10 (10)	- (-) - (-)	Maximum 10 (10) Outstanding 10 (10)
Investment in Upper Tier II Bonds	Maximum - (-) Outstanding - (-)	Maximum 3,624 (3,032) Outstanding 3,396 (3,032)	- (-) - (-)	Maximum 3,624 (3,032) Outstanding 3,396 (3,032)
Deposits kept with Bank including lease deposit	Maximum 71 (90) Outstanding 30 (36)	Maximum 588 (912) Outstanding 588 (556)	- (-) - (-)	Maximum 659 (1,002) Outstanding 618 (592)
Deposit kept with other banks	Maximum - (-) Outstanding - (-)	Maximum 1,164 (1,819) Outstanding 15 (20)	- (-) - (-)	Maximum 1,164 (1,819) Outstanding 15 (20)
Investment	Maximum 21 (21) Outstanding 21 (21)	Maximum - (-) Outstanding - (-)	- (-) - (-)	Maximum 21 (21) Outstanding 21 (21)
Borrowing	Maximum - (-) Outstanding - (-)	Maximum 19,446 (13,964) Outstanding 19,446 (9,896)	- (-) - (-)	Maximum 19,446 (13,964) Outstanding 19,446 (9,896)
Call borrowing	Maximum - (-) Outstanding - (-)	Maximum 918 (629) Outstanding - (-)	- (-) - (-)	Maximum 918 (629) Outstanding - (-)
Lending	Maximum - (-)	Maximum 3,226 (-)	- (-)	Maximum 3,226 (-)

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
	Outstanding - (-)	Outstanding 1,784 (-)	- (-)	Outstanding 1,784 (-)
Interest paid	1 (1)	1,665 (298)	- (-)	3 (299)
Interest received	- (-)	588 (0)	- (-)	588 (0)
Charges Paid	- (-)	0 (0)	- (-)	0 (0)
Interest accrued but not due (payable)	1 (1)	58 (16)	- (-)	59 (17)
Interest accrued but not due (receivable)	- (-)	0 (-)	- (-)	0 (-)
Dividend Received	6 (-)	- (-)	- (-)	6 (-)
Purchase and sale of securities	- (-)	491 (-)	- (-)	491 (-)
Rendering of services	- (0)	- (-)	- (-)	- (0)
Receivable from rendering of services	- (-)	- (-)	- (-)	- (-)
Reimbursement received	- (-)	7 (2)	- (-)	7 (2)
Reimbursement paid	- (1)	22 (31)	- (-)	22 (32)
Receiving of services	0 (0)	- (-)	- (-)	0 (0)
Receiving of services – outstanding	108 (296)	- (-)	- (-)	408 (296)
Contribution to employee welfare funds - Paid	- (-)	933 (316)	- (-)	933 (316)
Contribution to employee welfare funds- Payable	- (-)	725 (791)	- (-)	725 (791)
Managerial remuneration	- (-)	- (-)	15 (8)	15 (8)
Bank guarantees Received	- (-)	1,929 (-)	- (-)	1,929 (-)
Bank guarantees-Issued	- (-)	- (4,314)	- (-)	- (4,314)
Derivative transactions - notional outstanding	Maximum - (-) Outstanding - (-)	Maximum 84,397 (79,457) Outstanding 82,385 (71,839)	- (-) - (-)	Maximum 84,397 (79,457) Outstanding 82,385 (71,839)
Forward transactions	Maximum - (-) Outstanding -	Maximum 52,337 (44,437) Outstanding 11,516	- (-) -	Maximum 52,337 (44,437) Outstanding 11,516

Items / Related Party	Related parties where control exists	Related parties with significant influence and with whom there are transactions during the year	Key Management Personnel	Total
	(-)	(23,830)	(-)	(23,830)
Premium received	- (-)	3 (2)	- (-)	3 (2)
Premium paid	- (-)	16 (14)	- (-)	16 (14)
Commission received	- (-)	11 (13)	- (-)	11 (13)
Gain / (loss) on Liquidation	- (-)	(0) (19)	- (-)	(0) (19)
Invocation of Guarantee	- (-)	- (1,411)	- (-)	- (1,411)
Repayment of Guarantee	- (-)	- (1,411)	- (-)	- (1,411)
Guaranteed Interest	- (-)	- (11)	- (-)	- (11)
Profit / exchange difference on remittance	- (-)	- (24)	- (-)	- (24)

During the year 2010 – 11, 0.7 millions (Previous Year: Nil) number of stock options under "ESOS 2010" scheme have been issued to the MD & CEO.

(Previous year's figures are given in parentheses)

18.15 Key Ratios

18.15.1 Capital Adequacy Ratio

Particulars	As at 31 March 2011	As at 31 March 2010
Tier I capital (Rs. in millions)	24,636	20,724
Tier II capital (Rs. in millions)	9,440	9,825
Total capital	**34,076**	**30,549**
Capital ratios		
Tier I capital (%)	9.36%	10.11%
Tier II capital (%)	3.58%	4.80%
Total capital (%)	**12.94%**	**14.91%**
Percentage of shareholding of the Government of India	-	-
Amount of Innovative Perpetual Debt Instrument (Rs. in millions)	1,126	1,005
Amount of subordinated debt outstanding as Tier II capital (Rs. in millions)	7,816	8,232

18.15.2 Business ratios and other information are set out below:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Interest Income as a percentage to working funds $	7.49%	7.42%
Non-interest income as a percentage to working funds	1.82%	2.06%
Operating profit as a percentage to working funds $	1.77%	2.13%
Return on assets @	0.89%	0.80%
Business (Deposits plus advances) per employee # (Rs. in millions)	67	62

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Profit per employee # (Rs. in millions)	0.45	0.38

$ Working funds are reckoned as average of total assets as reported to RBI in Form X.
@ Return on assets is with reference to average working funds as reported to RBI in Form X.
# Productivity ratios are based on year-end employee numbers.

18.15.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Particulars	As at 31 March 2011	As at 31 March 2010
Earnings for the year (Rs. in millions)	3,186	2,422
Basic weighted average number of shares (Nos)	120,456,832	112,066,989
Basic EPS (Rs.)	26.45	21.61
Dilutive effect of stock options (Nos)	2,320,887	1,508,631
Diluted weighted average number of shares (Nos)	122,777,719	113,575,620
Diluted EPS (Rs.)	25.95	21.33
Nominal value of shares (Rs.)	10.00	10.00

18.16 Segmental Reporting:

Segment Information – Basis of preparation

As per the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007, the classification of exposures to the respective segments is now being followed. The business segments have been identified and reported based on the organization structure, the nature of products and services, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment includes the net interest earnings on investments of the bank in sovereign bonds, corporate debt, mutual funds etc, income from trading, income from derivative and foreign exchange operations and the central funding unit.

(b) Retail Banking

The retail banking segment constitutes the business with individuals and small businesses through the branch network and other delivery channels like ATM, Internet banking etc. This segment raises deposits from customers, makes loans and provides fee based services to such customers. Exposures are classified under retail banking broadly taking into account the orientation criterion, the nature of product and exposures which are not exceeding Rs. 50 millions. Revenue of the retail banking segment includes interest earned on retail loans, fees and commissions for banking and advisory services, ATM Fees etc. Expenses of this segment primarily comprise the interest expense on the retail deposits, personnel costs, premises and infrastructure expenses of the branch network and other delivery channels, other direct overheads and allocated expenses.

(c) Wholesale Banking

The wholesale banking segment provides loans and transaction services to large corporate, emerging corporate, institutional customers and those not classified under Retail. Revenue of the wholesale banking segment includes interest and fees earned on loans to customers falling under this segment, fees from trade finance activities and cash management services, advisory fees and income from foreign exchange and derivatives transactions. The principal expenses of the segment consist of personnel costs, other direct overheads and allocated expenses.

(d) Other Banking Operations

All Banking operations that are not covered under the above three segments.

(e) Unallocated

All items of which cannot be allocated to any of the above are classified under this segment. This also includes capital and reserves, debt classifying as tier I or tier II capital and other unallocable assets and liabilities.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue reduced by interest expense, operating expenses and provisions, if any, for that segment. Inter-segment revenue represents the transfer price paid/received by the central funding unit. For this purpose the present internal funds transfer pricing mechanism has been followed which calculates the charge based on yields benchmarked to an internally developed yield curve, which broadly tracks certain agreed market benchmark rates. Segment-wise income and expenses include certain allocations. The Retail banking and Wholesale banking segments allocate costs among them for the use of branch network etc. Operating costs of the common/shared segments are allocated based on agreed methodology which estimate the services rendered by them to the above four segments.

Geographic Segments

The Bank operates in one geographical segment i.e. Domestic.

Segment Results for the year ended 31 March 2011

(Rs. in millions)

Business Segments	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**	**Year ended 31 March 2011**
Revenue	22,772	17,351	24,622	-	64,745
Less: Inter segment revenue	(15,434)	(3,159)	(12,661)	-	(31,254)
Net Revenue	**7,338**	**14,192**	**11,961**	**-**	**33,491**
Result	782,653	3,282	2,289	-	6,354
Unallocated expenses					
Operating Profit					6,354
Provisions and contingencies	13	750	753	-	1,516
Unallocated provision & contingencies					-
Taxes					1,652
Net Profit					**3,186**
Other Information	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**	**As at 31 March 2011**
Segment Assets	138,282	149,051	98,022	-	385,355
Unallocated Assets					4,785
Total Assets	**138,282**	**149,051**	**98,022**	**-**	**390,140**
Segment Liabilities	37,368	117,079	185,990	-	340,437
Unallocated Liabilities					23,460
Capital and Reserve & Surpluses					26,243
Total Liabilities	**37,368**	**117,079**	**185,990**	**-**	**390,140**

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

Segment Results for the year ended 31 March 2010

(Rs. in millions)

Business Segments	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Particulars	**Year ended 31 March 2010**	**Year ended 31 March 2010**	**Year ended 31 March 2010**	**Year ended 31 March 2010**	**Year ended 31 March 2010**
Revenue	18,186	14,225	22,324	-	54,735
Less: Inter segment revenue	(11,307)	(2,785)	(12,113)	-	(26,205)
Net Revenue	**6,879**	**11,440**	**10,211**	**-**	**28,530**
Result	(125)	3,507	3,074	-	6,456
Unallocated expenses					37
Operating Profit					6,420
Provisions and contingencies	49	1,418	1,245	-	2,713
Unallocated provision & contingencies					(9)
Taxes					1,293
Net Profit					**2,422**
Other Information	**As at 31 March 2010**	**As at 31 March 2010**	**As at 31 March 2010**	**As at 31 March 2010**	**As at 31 March 2010**
Segment Assets	138,356	115,877	79,956		334,189
Unallocated Assets					4,614
Total Assets	**138,356**	**115,877**	**79,956**	**-**	**338,803**
Segment Liabilities	33,057	85,563	174,061		292,681
Unallocated Liabilities					22,812
Capital and Reserve & Surpluses					23,309
Total Liabilities	**33,057**	**85,563**	**174,061**	**-**	**338,802**

Information is collected as per the MIS available for internal reporting purposes. The methodology adopted in compiling and reporting the segmental information on the above basis has been relied upon by the auditors.

Other Disclosures

18.17.1 Customer complaints and awards passed by Banking Ombudsman

1. Customer complaints:

Particulars	**Year ended 31 March 2011**	**Year ended 31 March 2010**
No. of complaints pending at the beginning of the year	80	89
No. of complaints received during the year	12,528	16,233

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
No. of complaints redressed during the year	12,564	16,242
No. of complaints pending at the end of the year	44	80

The above details are as certified by the management.

2. Awards passed by Banking Ombudsman:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
No. of unimplemented Awards at the beginning of the year	-	-
No. of Awards passed by Banking Ombudsman during the year	-	-
No. of Awards implemented during the year	-	-
No. of unimplemented Awards at the end of the year	-	-

The above details are as certified by the management.

18.17.2 Penalties levied by RBI on the Bank

During the year there were no penalties levied by RBI on the Bank (Previous year Nil.)

18.17.3 Maturity profile of assets and liabilities

Maturity profile of assets and liabilities as at 31 March 2011 is set out below:

(Rs. in millions)

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	4,131	17,815	29,794	17,852	75,576	28,320	32,251	43,383	32,925	19,895	301,942
Advances	3,252	17,993	9,243	13,367	24,951	22,083	31,080	47,141	26,378	40,533	236,021
Investments	5,945	4,865	7,193	4,561	20,909	6,909	10,168	19,176	14,227	16,254	110,207
Borrowings	1	2,230	5,000	1,115	11,696	4,392	3,345	5,168	1,120	7,402	41,469
Foreign Currency assets	45	311	348	1,057	5,076	3,128	1,833	15	145	112	12,070
Foreign Currency liabilities	46	2,406	140	1,140	8,862	1,136	3,826	3,815	391	4,674	26,436

Classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the return (DSB 8 and 9) submitted to the RBI.

Maturity profile of assets and liabilities as at 31 March 2010 is set out below:

(Rs. in millions)

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	3,287	31,636	13,516	17,520	64,553	28,247	38,412	22,492	20,885	18,105	258,653
Advances	5,118	8,305	7,839	13,117	23,280	22,138	17,942	40,436	17,695	29,202	185,072
Investments	12,619	7,911	4,627	4,397	17,368	7,954	12,501	11,154	8,473	17,725	104,729
Borrowings	2	14	5,020	40	3,231	8,202	8,355	1,815	5,032	5,005	36,716
Foreign Currency assets	107	253	389	802	3,964	1,986	477	-	108	67	8,153
Foreign Currency liabilities	37	146	101	20	200	8,321	543	2,192	3,218	1,245	16,023

Classification of assets and liabilities under the different maturity buckets are compiled by management on the same estimates and assumptions as used by the Bank for compiling the return (DSB 8 and 9)

submitted to the RBI.

18.17.4 Letters of comforts issued by the Bank

The Bank has 413 (Previous year: 262) letter of comforts/ undertaking issued and outstanding as on 31 March 2011 amounting to Rs. 11,012 millions (Previous year: Rs. 8,450 millions).

18.17.5 Draw down from Reserves

During the year, the Bank has utilized the securities premium account for meeting direct expenses of Nil (Previous Year: Rs. 38 millions) relating to the QIP issue, as per the RBI mail box clarification dated 9 October 2007.

18.17.6 Fees/remuneration received from Bancassurance business:

(Rs. in millions)

Sr. No.	Nature of Income	Year ended 31 March 2011	Year ended 31 March 2010
1	For selling life insurance polices	685	426
2	For selling non life insurance polices	11	11
3	For selling mutual fund products	301	300
4	Others	29	29

18.17.7 Prior Period Item

In earlier years, the Bank had participated in a tender floated by the Mumbai Metropolitan Region Development Authority ('MMRDA') for allotment of a plot of land on an 80 year lease in an area reserved for banks. Due to certain restraints, the Bank had sought additional time to pay certain installments. Eventually as part of a settlement with MMRDA, the Bank paid the pending installment along with incremental amount of Rs. 307 millions which was expensed off during the years 2003-04, 2004-05 and 2005-06. Thereafter, the Bank entered into an agreement to lease with MMRDA and commenced construction of the building. Since the Bank paid the incremental amount before the right to lease was acquired, the incremental amount of Rs. 307 millions was considered as part of the acquisition cost of the leased premises in the year 2009 - 10.

As a result, for the year 2009 – 10, profit before tax and profit after tax are higher by Rs. 307 millions and 3 millions respectively and the fixed assets are higher by Rs. 307 millions.

18.17.8 Previous year's figures

Previous year's figures have been regrouped / recast, where necessary, to conform to current year's presentation.

Signatures to Schedules 1 to 18

Shailendra Bhandari	Arun Thiagarajan	Aditya Krishna	Vaughn Richtor
Managing Director	**Chairman**	**Director**	**Director**

Place: Bangalore
20 April 2011

DECLARATION

The Bank certifies that all relevant provisions of Chapter VIII read with schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and schedule XVIII of the SEBI Regulations and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. The Bank further certifies that all the statements in this Placement Document are true and correct.

CHIEF FINANCIAL OFFICER

MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Date: June 27, 2013
Place: Bengaluru

ISSUER	
ING VYSYA BANK LIMITED	
REGISTERED OFFICE OF THE ISSUER	
ING Vysya House, No. 22, M.G. Road, Bangalore 560 001, India	
AUDITORS TO THE ISSUER	
B S R & Co. Maruthi Infotech Centre, 11/1 and 12/1, East Wing, II Floor, Koramangala, Inner Ring Road, Bangalore Tel.: +91 80 3980 6200	
JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS (in alphabetical order)	
Axis Capital Limited 8th Floor, Axis House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai- 400025 Tel.: + 91 22 4325 2525 Fax : +91 22 4325 3000.	**Credit Suisse Securities India Private Limited** 10th Floor, Ceejay House Dr. Annie Besant Road Worli, Mumbai – 400 018, Tel: + 91 22 6777 3885 Fax: + 91 22 6777 3820
JM Financial Institutional Securities Private Limited 141, Maker Chambers III Nariman Point Mumbai 400 021 Maharashtra, India Tel.: + 91 22 6630 3030 Fax : + 91 22 2204 7185	
DOMESTIC LEGAL COUNSEL TO THE ISSUE	
Amarchand & Mangaldas & Suresh A. Shroff & Co. 201, Midford House, Midford Garden (Off M. G. Road), Bangalore 560 001, India Tel: + 91 80 2558 4870 Fax: + 91 80 2558 4266	
INTERNATIONAL LEGAL COUNSEL TO THE ISSUE	
Dorsey & Whitney LLP Suite 1500, 50 South Sixth Street Minneapolis, Minnesota, 55402-1498 United States of America	